

**CHAPTER 363—H.F.No. 1812**

*An act relating to the financing of state government; making supplemental appropriations and reductions in appropriations for early childhood through grade 12 education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, economic development, transportation, public safety, judiciary, state government, and health and human services; modifying certain statutory provisions and laws; providing for certain programs; fixing and limiting fees; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2006, sections 15A.0815, subdivisions 2, as amended, 3; 17.4988, subdivisions 2, 3; 41A.09, subdivision 3a; 93.481, by adding a subdivision; 97A.475, subdivision 29; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.271, subdivision 6; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116.07, subdivision 4; 116L.04, subdivision 1; 116L.05, subdivisions 3, 5; 116L.16; 116L.20, subdivision 2; 116U.26; 121A.19; 122A.21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.118, subdivision 4; 124D.55; 125A.65, subdivision 4, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.40, subdivision 1; 126C.45; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136G.11, subdivision 1; 145.9255, subdivision 1; 168.013, by adding a subdivision; 168.1255, by adding a subdivision; 168A.29, as amended; 190.19, subdivision 1, by adding a subdivision; 190.25, subdivision 3, by adding a subdivision; 192.501, by adding subdivisions; 216C.41, subdivision 4; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 3a; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0625, subdivision 13e; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.32, subdivision 1; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6; 256B.75; 256D.44, subdivisions 2, 5; 270B.085, by adding a subdivision; 298.223, subdivision 2; 298.28, subdivision 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 299A.45, subdivision 1; 299A.705, by adding a subdivision; 325E.313; 325E.314; 357.021, subdivisions 6, 7; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 80A.65, subdivision 1; 103G.291, subdivision 3; 116L.17, subdivision 1; 123B.54; 124D.531, subdivision 1; 125A.76, subdivision 2; 126C.44; 127A.49, subdivisions 2, 3; 136A.121, subdivision 7a; 144E.45, subdivision 2; 171.06, subdivision 2; 190.19, subdivision 2; 216C.41, subdivision 3; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.441, subdivisions 1, 55, 56; 256B.5012, subdivision 7; 256J.621; 297I.06, subdivision 3; Laws 1999, chapter 223, article 2, section 72; Laws 2005, chapter 156, article 1, section 11, subdivision 2; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article*

*1, section 3, subdivision 4; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 4, 6; Laws 2007, chapter 135, article 1, sections 3, subdivisions 2, 3; 6, subdivision 4; Laws 2007, chapter 143, article 1, section 3, subdivision 2; Laws 2007, chapter 144, article 1, sections 3, subdivision 2; 5, subdivision 5; 7; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13, 14, 20; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, sections 11, subdivision 1; 13, subdivisions 2, 3, 4; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 7, section 71; article 19, section 3, subdivision 4; Laws 2007, chapter 148, article 1, section 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, sections 8, subdivision 2; 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 85; 94; 103B; 114D; 116J; 124D; 129D; 136F; 144; 173; 192; 256B; proposing coding for new law as Minnesota Statutes, chapter 62U; repealing Minnesota Statutes 2006, sections 126C.21, subdivision 1; 127A.45, subdivision 7a; 256.741, subdivision 15; 341.31; Laws 2004, chapter 188, section 2; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

## ARTICLE 1

### SUMMARY

#### (General Fund Only, After Forecast Adjustments)

#### Section 1. GENERAL FUND SUMMARY.

The amounts shown in this section summarize general fund direct appropriations, and transfers into the general fund from other funds, made in this act.

	<b>2008</b>	<b>2009</b>	<b>Total</b>
<u>E-12 Education</u>	\$ (1,216,000)	\$ 26,958,000	\$ 25,742,000
<u>Higher Education</u>	(7,150,000)	(14,411,000)	(21,561,000)
<u>Environment and Natural Resources</u>	(328,000)	(2,728,000)	(3,056,000)
<u>Energy</u>	(2,670,000)	(1,436,000)	(4,106,000)
<u>Agriculture</u>	(200,000)	388,000	188,000
<u>Veterans Affairs</u>	-0-	4,145,000	4,145,000
<u>Military Affairs</u>		390,000	390,000
<u>Economic Development</u>	(2,425,000)	1,512,000	(913,000)
<u>Transportation</u>		(255,000)	(255,000)
<u>Public Safety</u>	268,000	(10,490,000)	(10,222,000)
<u>State Government</u>		(1,104,000)	(1,104,000)

<u>Health and Human Services</u>	<u>(46,789,000)</u>	<u>(124,196,000)</u>	<u>(170,985,000)</u>
<b><u>Subtotal of Appropriations</u></b>	<b><u>(60,510,000)</u></b>	<b><u>(121,227,000)</u></b>	<b><u>(181,737,000)</u></b>
<u>Transfers In</u>	<u>22,330,000</u>	<u>94,897,000</u>	<u>117,227,000</u>
<b><u>Total</u></b>	<b><u>\$ (82,840,000) \$</u></b>	<b><u>(216,124,000) \$</u></b>	<b><u>(298,964,000)</u></b>

## ARTICLE 2

### EARLY CHILDHOOD THROUGH GRADE 12 EDUCATION

Section 1. Minnesota Statutes 2006, section 121A.19, is amended to read:

#### **121A.19 DEVELOPMENTAL SCREENING AID.**

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) ~~\$50~~ \$75 for a child screened at age three; (2) ~~\$40~~ \$50 for a child screened at age four; (3) ~~\$30~~ \$40 for a child screened at age five or six prior to kindergarten; and (4) \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

Sec. 2. Minnesota Statutes 2006, section 122A.21, is amended to read:

#### **122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.**

Subdivision 1. Licensure applications. Each application for the issuance, renewal, or extension of a license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by a processing fee of \$57. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of finance. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of finance in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 2. Licensure via portfolio. (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with the applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 3. Minnesota Statutes 2007 Supplement, section 123B.54, is amended to read:

**123B.54 DEBT SERVICE APPROPRIATION.**

(a) ~~\$14,813,000~~ \$14,814,000 in fiscal year 2008, ~~\$11,124,000~~ \$9,109,000 in fiscal year 2009, ~~\$8,866,000~~ \$7,286,000 in fiscal year 2010, and ~~\$6,631,000~~ \$6,878,000 in fiscal year 2011 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 4. Minnesota Statutes 2006, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;
- (3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

- (1) one or more health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and
- (2) insufficient funds from capital facilities revenue to fund those projects.

(c) Notwithstanding the square footage limitation in paragraph (a), clause (2), a school district that qualified for eligibility under paragraph (a) as of July 1, 2007,

remains eligible for funding under this section as long as the district continues to meet the requirements of paragraph (a), clauses (1), (3), and (4).

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2006, section 123B.62, is amended to read:

**123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.**

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings; ~~and~~

(4) bringing school buildings into compliance with life and safety codes and fire codes; and

(5) modifying buildings and equipment for security.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ~~ten~~ 15 years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 123B.61 for each year must not exceed the limit specified in section 123B.61. The levy for each year must be reduced as provided in section 123B.61. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 123A.37, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 6. Minnesota Statutes 2006, section 124D.04, subdivision 3, is amended to read:

Subd. 3. **Pupils in adjoining states.** Except as provided under an agreement with an adjoining state under section 124D.041, a non-Minnesota pupil who resides in an adjoining state in a district that borders Minnesota may enroll in a Minnesota district if either the board of the district in which the pupil resides or state in which the pupil resides pays tuition to the district in which the pupil is enrolled.

Sec. 7. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the commissioner must agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota district. The rates must be at least equal to the tuition specified in section 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

(b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9 shall not apply.

Sec. 8. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. This section is effective with respect to any other~~ bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 9. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 8, then the student's parent or guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

Sec. 10. **[124D.041] RECIPROCITY WITH ADJOINING STATES.**

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A. Any additional terms must apply equally to both states.

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

Subd. 3. **Procedures.** (a) The Department of Education must establish procedures relating to the application process, the collection or payment of funds under the provisions of any agreement established pursuant to this section, and the collection of data necessary to implement any agreement established pursuant to this section.

(b) Notwithstanding sections 124A.04 and 124A.05, if an agreement is established between Minnesota and an adjoining state pursuant to this section, the provisions of this section and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary, including provisions relating to tuition payments, shall not apply.

(c) Notwithstanding paragraph (a), any payments to adjoining states under this section shall be made according to section 127A.45, subdivision 16.

(d) Notwithstanding paragraph (b), sections 124D.04, subdivision 6, paragraph (b), and 124D.05, subdivision 2a, the provisions of this section and the agreement shall not apply to: (i) enrollment transfers between Minnesota and a school district in an adjoining

state enrolling fewer than 150 pupils that is exempted from participation in the program under the laws of the adjoining state; or (ii) enrollment transfers between Minnesota and a school district in an adjoining state under a board agreement initiated in fiscal year 2009 to serve students in grade levels discontinued by the resident district.

Sec. 11. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision to read:

Subd. 2a. **Exception.** Notwithstanding subdivisions 1 and 2, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary, including provisions relating to tuition payments, shall not apply.

Sec. 12. Minnesota Statutes 2006, section 124D.118, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~14~~ 20 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 13. **[124D.141] STATE ADVISORY COUNCIL ON EARLY CHILDHOOD EDUCATION AND CARE.**

Subdivision 1. **Membership; duties.** Two members of the house of representatives, one appointed by the speaker and one appointed by the minority leader; and two members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority; and two parents with a child under age six, shall be added to the membership of the State Advisory Council on Early Education and Care. The council must fulfill the duties required under the federal Improving Head Start for School Readiness Act of 2007 as provided in Public Law 110-134.

Subd. 2. **Additional duties.** The following duties are added to those assigned to the council under federal law:

(1) make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs;

(2) make recommendations on how to coordinate or colocate early childhood and child care programs in one state Office of Early Learning;

(3) review program evaluations regarding high-quality early childhood programs;  
and

(4) make recommendations to the governor and legislature, including proposed legislation on how to most effectively create a high quality early childhood system in Minnesota in order to improve the educational outcomes of children so that all children are school-ready by 2020.

Subd. 3. **Administration.** An amount up to \$12,500 from federal child care and development fund administrative funds and up to \$12,500 from prekindergarten exploratory project funds appropriated under Laws 2007, chapter 147, article 19, section 3, may be used to reimburse the parents on the council and for technical assistance and

administrative support of the State Advisory Council on Early Childhood Education and Care. This funding stream is for fiscal year 2009. The council may pursue additional funds from state, federal, and private sources. If additional operational funds are received, the council must reduce the amount of prekindergarten exploratory project funds used in an equal amount.

Sec. 14. Minnesota Statutes 2007 Supplement, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) ~~the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year~~ the average growth in state total contact hours over the prior 10 program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 15. Minnesota Statutes 2006, section 124D.55, is amended to read:

**124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~\$20~~ \$40 for an eligible individual.

Sec. 16. Minnesota Statutes 2006, section 125A.65, subdivision 4, is amended to read:

Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition charge allowed in subdivision 3, the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, after deducting the special education aid under section 125A.76, attributable to the

child, if that aide is required by the child's individual education plan. Tuition received under this paragraph must be used by the academies to provide the required service.

(b) For fiscal year ~~2007~~ 2008 and later, the special education aid paid to the academies shall be increased by the academy's unreimbursed cost of providing ~~an~~ one to one instructional aide and behavioral management aides assigned to a child, after deducting the special education aid under section 125A.76 attributable to the child, if ~~that aide is~~ the aides are required by the child's individual education plan. Aid received under this paragraph must be used by the academies to provide the required service.

(c) For fiscal year ~~2007~~ 2008 and later, the special education aid paid to the district of the child's residence shall be reduced by the amount paid to the academies for district residents under paragraph (b).

(d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008, the commissioner shall make an estimated final adjustment payment to the Minnesota State Academies for general education aid and special education aid for the prior fiscal year by August 15.

(e) For fiscal year 2007, the academies may retain receipts received through mutual agreements with school districts for one to one behavior management aides.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2006, section 125A.65, is amended by adding a subdivision to read:

Subd. 11. **Third-party reimbursement.** The Minnesota State Academies must seek reimbursement under section 125A.21 from third parties for the cost of services provided by the Minnesota State Academies whenever the services provided are otherwise covered by a child's public or private health plan.

**EFFECTIVE DATE.** This section is effective the day following final enactment for revenue in fiscal years 2008 and later.

Sec. 18. Minnesota Statutes 2007 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. **Special education initial aid.** The special education initial aid equals the sum of the following amounts computed using current year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind, 68 percent of the salary of each one to one instructional and behavior management aide assigned to a child attending the academy, if ~~that aide is~~ the aides are required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the general education revenue, excluding basic skills

revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under this subdivision and subdivision 1, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year;

(7) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

Sec. 19. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment.

(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.

(c) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

(b) A district's transition revenue for fiscal ~~year~~ years 2006 ~~and later~~ through 2009 equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.

(c) A district's transition revenue for fiscal year 2010 and later equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.

Sec. 21. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the difference between the sum of the general education revenue and net tuition revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

Sec. 22. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The

ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

**"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."**

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum ~~may~~

result in an increase in your property taxes extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

**EFFECTIVE DATE.** This section is effective for elections conducted on or after July 1, 2008.

Sec. 23. Minnesota Statutes 2006, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$100~~ \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$25~~ \$43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease purchase agreement for a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

Sec. 24. Minnesota Statutes 2007 Supplement, section 126C.44, is amended to read:

**126C.44 SAFE SCHOOLS LEVY.**

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(c) ~~If~~ A school district ~~spends~~ must set aside at least \$3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6). The district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

Sec. 25. Minnesota Statutes 2006, section 126C.45, is amended to read:

**126C.45 ICE ARENA LEVY.**

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed ~~90 percent of~~ the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the Office of Monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 26. Minnesota Statutes 2006, section 126C.51, is amended to read:

**126C.51 APPLICATION OF LIMITING TAX LEGISLATION.**

Notwithstanding the provisions of section 471.69 or 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a district to incur any debt or to issue any warrant or order, a school district or intermediate school district has the powers in sections 126C.50 to 126C.56 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 126C.50 to 126C.56.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2006, section 126C.52, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The board of any school district may also borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school fiscal year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 28. Minnesota Statutes 2006, section 126C.52, is amended by adding a subdivision to read:

Subd. 3. **Intermediate school districts.** (a) The board of an intermediate school district may borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of the receipt of:

- (1) state aids for schools as defined in Minnesota Statutes;
- (2) federal school aids to be distributed by or through the department; and
- (3) membership fees and tuition payments from its member school districts.

The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids, fees, and tuition payments which are receivable by the intermediate school district in the fiscal year in which the money is borrowed, as estimated and certified by the commissioner.

(b) The board of an intermediate school district may, upon receipt of a written resolution by each of its member school districts, pledge the member district's full faith and credit and unlimited taxing powers to repay each member district's pro rata share of any certificates issued or the amount paid by the state under section 126C.55, subdivision 2, plus interest, if the revenues specified in paragraph (a) and any other revenues of the intermediate school district are insufficient to do so.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2006, section 126C.53, is amended to read:

**126C.53 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.**

The board of a school district or intermediate school district may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary. The resolution must be adopted by a vote of at least two-thirds of its members. The board must fix the amount, date, maturity, form, denomination, and other details of the certificates of indebtedness, not inconsistent with this chapter. The board must fix the date and place for receipt of bids for the purchase of the certificates when bids are required and direct the clerk to give notice of the date and place for bidding.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2006, section 126C.55, is amended to read:

**126C.55 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.**

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means:

- (1) a ~~tax or aid anticipation~~ certificate of indebtedness issued under section 126C.52;
- (2) a certificate of participation issued under section 126C.40, subdivision 6; or
- (3) a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified

amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Finance must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. **School district bound; interest rate on state paid amount.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the school district or intermediate school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 4a. **Aid reduction for repayment.** (a) Except as provided in this subdivision, the state must reduce the state aid payable to the school district or intermediate school district under this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 273 by the amount paid by the state under this section on behalf of the district, plus the interest due on it, and the amount reduced must revert from the appropriate account to the state general fund. Payments from the school district endowment fund or any federal aid payments shall not be reduced.

(b) For an intermediate school district, the state aid payable to the intermediate school district must first be reduced, before any reduction is made to the state aids payable to the member districts. If the state aid payable to the intermediate school district is not sufficient to repay the state, state aid payable to member districts may be reduced proportionately based on the ratio of each member district's adjusted net tax capacity to the total adjusted net tax capacity of all member districts.

(c) If, after review of the financial situation of the school district or intermediate school district, the commissioner advises the commissioner of finance that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the district, the commissioner, with the approval of the commissioner of finance, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the district from other revenue sources.

Subd. 6. **Tax levy for repayment.** (a) With the approval of the commissioner, a district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner shall require the district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

(c) For an intermediate district, a levy made by a member district under paragraph (a) or (b) to pay its pro rata share must be spread by the commissioner as a tax rate based on the total adjusted net tax capacity of the member school districts. The proceeds of the levy must be remitted by the member school district to the intermediate school district and must be used by the intermediate district only to repay the state amounts owed. Any amount in excess of the amount owed to the state must be repaid to the member school districts and the commissioner shall adjust each member district's property tax levy in the next year.

Subd. 7. **Election as to mandatory application.** A school district or intermediate school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a

principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Subd. 8. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a school district or intermediate school district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department must provide technical assistance to the district in preparing its plan. If the commissioner determines that a district's plan is not adequate, the commissioner shall notify the district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. **State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Subd. 10. **Continuing disclosure agreements.** The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts or intermediate school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amounts under section 123A.26, subdivision 3 and section 124D.041, shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 32. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county

auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:
  - (i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:
    - (A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;
    - (B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;
    - (C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;
    - (D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;
    - ~~(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;~~
    - ~~(F)~~ (E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;
    - ~~(G)~~ (F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;
    - ~~(H)~~ (G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;
    - ~~(I)~~ (H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;
    - ~~(J)~~ (I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;
    - ~~(K)~~ (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and
    - ~~(L)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to
  - (ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 33. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

~~(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;~~

~~(F)~~ (E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

~~(G)~~ (F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

~~(H)~~ (G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

~~(I)~~ (H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

~~(J)~~ (I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

~~(K)~~ (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

~~(L)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment; and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 34. Laws 2007, chapter 146, article 2, section 46, subdivision 13, is amended to read:

Subd. 13. **Preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs.** For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

\$	6,500,000	.....	2008
\$	6,500,000	.....	2009

Of this amount, \$2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district. Any balance in the first year does not cancel but is available in the second year.

The base appropriation for fiscal year 2010 and later is \$2,000,000.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 35. Laws 2007, chapter 146, article 2, section 46, subdivision 14, is amended to read:

Subd. 14. **Collaborative urban educator.** For the collaborative urban educator ~~grants under Minnesota Statutes, section 122A.641~~ program:

\$	528,000	.....	2008
\$	528,000	.....	2009

\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

Any balance in the first year does not cancel but is available in the second year.

Sec. 36. Laws 2007, chapter 146, article 2, section 46, subdivision 20, is amended to read:

Subd. 20. **College-level examination program (CLEP).** For the college-level examination program (CLEP) under Minnesota Statutes, section 120B.131:

	<del>1,650,000</del>		
\$	<u>850,000</u>	.....	2008
	<del>1,650,000</del>		
\$	<u>500,000</u>	.....	2009

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 37. Laws 2007, chapter 146, article 3, section 23, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The task force must submit to the education policy and finance committees of the legislature by February 15, ~~2008~~ 2009, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds ~~or expands upon~~ a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state ~~provisions~~ statutes and rules that exceed ~~or expand upon~~ a minimum federal requirement may be amended to conform with minimum federal requirements or made more effective as determined by a majority of the task force members. The task force must recommend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The task force expires when it submits its report to the legislature.

(b) Consistent with subdivision 1, the Department of Education member of the task force representing regulators shall be replaced with a parent advocate selected by a statewide organization that advocates on behalf of families with children with disabilities.

(c) The Department of Education must provide technical assistance at the request of the task force.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 38. Laws 2007, chapter 146, article 3, section 24, subdivision 9, is amended to read:

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

\$	<del>20,000</del> <u>40,000</u>	.....	2008
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Any balance in the first year does not cancel but is available in the second year.

This is a onetime appropriation.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 39. Laws 2007, chapter 146, article 5, section 11, subdivision 1, is amended to read:

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement ~~aid~~ revenue to offset its excess fund balance penalty for fiscal year 2007. The aid adjustment must be made under Laws 2007, chapter 146, article 5, section 13, subdivision 5. The levy adjustment of \$6,600 must be included as part of the district's property taxes for taxes payable in 2009.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 40. Laws 2007, chapter 146, article 5, section 13, subdivision 3, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

	<del>5,460,000</del>		
\$	<u>5,583,000</u>	.....	2008
	<del>5,695,000</del>		
\$	<u>6,396,000</u>	.....	2009

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 41. Laws 2007, chapter 146, article 7, section 4, is amended to read:

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

\$	22,169,000	.....	2008
	<del>22,653,000</del>		
\$	<u>21,811,000</u>	.....	2009

Any balance in the first year does not cancel but is available in the second year.

(b) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) \$260,000 each year is for the Minnesota Children's Museum.

(f) \$41,000 each year is for the Minnesota Academy of Science.

(g) \$619,000 in fiscal year 2008 and \$632,000 in fiscal year 2009 are for the Board of Teaching.

(h) \$163,000 in fiscal year 2008 and \$171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) \$50,000 each year is for the Duluth Children's Museum.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(l) \$50,000 in fiscal year 2009 is for an advisory task force for determining how the educational achievement of low-income students and students of color is impacted by education issues related to rigorous preparation and coursework, educators' professional development, English language learners, special education, GRAD tests, and the use of valid and reliable data on student preparation for postsecondary academic and career opportunities. This amount is not added to the base appropriation for fiscal year 2010 and later. The department shall not expend any funds unless a match of an equal amount of nonstate funds has been received for this purpose.

(m) The base for fiscal year 2010 and later is \$21,761,000.

Sec. 42. Laws 2007, chapter 146, article 9, section 17, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	<del>3,159,000</del>		
\$	<u>2,624,000</u>	.....	2008
	<del>3,330,000</del>		
\$	<u>3,592,000</u>	.....	2009

The 2008 appropriation includes \$288,000 for 2007 and ~~\$2,871,000~~ \$2,336,000 for 2008.

The 2009 appropriation includes ~~\$319,000~~ \$259,000 for 2008 and ~~\$3,011,000~~ \$3,333,000 for 2009.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 43. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation** \$ ~~584,000~~ 148,000

The appropriations in this section are from the general fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 44. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 2, is amended to read:

**Subd. 2. Independent School District No. 239,  
Rushford-Peterson**

**(a) Flood Enrollment Impact Aid** 89,000

The commissioner of education shall pay to the school district flood enrollment impact aid equal to \$5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood.

**(b) ~~Disaster Relief Facilities Grant~~** ~~250,000~~

~~For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.~~

**(c) Pupil Transportation Aid** 40,000

For increased costs associated with transporting students as a result of the floods of August 2007.

Sec. 45. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 6, is amended to read:

**Subd. 6. Disaster Relief Facilities Grants to  
Other Districts**

~~90,000~~ 14,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant. School districts not included in subdivisions 2 to 5 must be given priority in the allocation of this appropriation.

Sec. 46. **FUND TRANSFERS.**

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, 2008, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed \$51 times the district's adjusted marginal cost pupil units for fiscal year 2007. This transfer may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

Subd. 2. **Balaton school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 411, Balaton, may transfer up to \$70,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 3. **East Central school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 2580, East Central, may transfer up to \$300,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 4. **Hills-Beaver Creek school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$260,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

(b) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **Rocori school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 750, Rocori, may transfer up to \$82,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 47. **ONETIME GENERAL EDUCATION REVENUE INCREASE; FISCAL YEAR 2009 ONLY.**

A school district's general education revenue under Minnesota Statutes, section 126C.10, is increased for fiscal year 2009 only by an amount equal to \$51 times the district's adjusted marginal cost pupil units for that year.

Sec. 48. **PRIORITY FOR NEW ALTERNATIVE COMPENSATION SCHOOL DISTRICTS AND CHARTER SCHOOLS, FISCAL YEARS 2009 TO 2010.**

(a) Notwithstanding Minnesota Statutes, sections 122A.413; 122A.414; 122A.415; 122A.416; and 126C.10, subdivisions 34, 35, and 36, for fiscal years 2009 and 2010 only, for school sites, school districts, or charter schools that had not applied as of March 20, 2008, to participate in the alternative teacher pay program, the Department of Education must authorize alternative compensation funding for applicants according to paragraphs (b) and (c).

(b) For fiscal year 2009, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed \$11,397,000.

(c) In addition to the amounts authorized in paragraph (b), for fiscal year 2010, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed \$2,899,000.

**Sec. 49. VIRGINIA SCHOOL DISTRICT; EMERGENCY REPAIRS.**

Independent School District No. 701, Virginia, may levy up to \$100,000 for emergency facilities repairs. This authority is in addition to any other levy authority granted to the district. The levy proceeds received under this section must be recognized in fiscal year 2009.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2009 only.

**Sec. 50. EQUALIZING FACTORS.**

The commissioner shall adjust each referendum market value equalizing factor established under Minnesota Statutes, chapter 126C, by dividing the equalizing factor by the ratio of the statewide referendum market value as calculated using the definition of referendum market value that was in effect prior to the 2008 legislative session for assessment year 2008 to the statewide referendum market value that is in effect after the 2008 legislative session for that assessment year.

**EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable in 2010, and thereafter.

**Sec. 51. APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the Department of Education for the fiscal years designated.

Subd. 2. **Additional general education revenue.** For additional general education aid:

\$ 26,804,000 ..... 2009

This appropriation is in addition to any other appropriation for this purpose.

This 2009 appropriation includes \$0 for 2008 and \$26,804,000 for 2009.

Subd. 3. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid as a result of the floods of August 2007.

\$ 158,000 ..... 2009

The base appropriation for fiscal year 2010 is \$158,000. The base appropriation for later years is zero.

The district must provide to the commissioner of education documentation of the additional pupil transportation costs and the number of pupils in average daily membership lost as a result of the flood.

Up to \$40,000 is for increased costs associated with transporting students as a result of the floods of August 2007.

Subd. 4. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

§            100,000    .....    2009

The base appropriation for fiscal years 2010 and 2011 is \$100,000 per year. The base appropriation for later fiscal years is zero.

Subd. 5. **Principal's Leadership Institute.** For a grant to the Principal's Leadership Institute under Minnesota Statutes, section 122A.74:

§            275,000    .....    2009

This is a onetime appropriation.

Subd. 6. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

§            17,000    .....    2009

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Subd. 7. **Minnesota Humanities Commission.** For a grant to the Minnesota Humanities Commission.

§            275,000    .....    2009

This is a onetime appropriation.

**Sec. 52. REPEALER.**

(a) Minnesota Statutes 2006, section 126C.21, subdivision 1, is repealed for revenue for fiscal year 2010 and later.

(b) Minnesota Statutes 2006, section 127A.45, subdivision 7a, is repealed.

(c) Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, and 4, are repealed.

**ARTICLE 3**  
**EDUCATION FORECAST ADJUSTMENTS**

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	<del>5,618,342,000</del>					
\$	<u>5,600,647,000</u>	.....		2008		
	<del>5,618,342,000</del>					
\$	<u>5,649,098,000</u>	.....		2009		

The 2008 appropriation includes ~~\$531,733,000~~ \$536,251,000 for 2007 and ~~\$5,073,250,000~~ \$5,064,396,000 for 2008.

The 2009 appropriation includes ~~\$546,314,000~~ \$543,752,000 for 2008 and ~~\$5,072,028,000~~ \$5,105,346,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 3, is amended to read:

Subd. 3. **Referendum tax base replacement aid.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

	<del>870,000</del> <u>861,000</u>					
\$	<u>861,000</u>	.....		2008		

The 2008 appropriation includes ~~\$870,000~~ \$861,000 for 2007 and \$0 for 2008.

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 4, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

	<del>95,000</del> <u>48,000</u>					
\$	<u>48,000</u>	.....		2008		
	<del>97,000</del> <u>50,000</u>					
\$	<u>50,000</u>	.....		2009		

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 5, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	<del>1,343,000</del>					
\$	<u>1,333,000</u>	.....		2008		
	<del>1,347,000</del>					
\$	<u>1,629,000</u>	.....		2009		

The 2008 appropriation includes \$76,000 for 2007 and ~~\$1,267,000~~ \$1,257,000 for 2008.

The 2009 appropriation includes ~~\$140,000~~ \$139,000 for 2008 and ~~\$1,207,000~~ \$1,490,000 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 6, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<del>565,000</del> <u>240,000</u>	.....	2008
\$	<del>212,000</del> <u>339,000</u>	.....	2009

The 2008 appropriation includes \$43,000 for 2007 and ~~\$522,000~~ \$197,000 for 2008.

The 2009 appropriation includes ~~\$57,000~~ \$21,000 for 2008 and ~~\$155,000~~ \$318,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43, and 123B.87:

\$	<del>16,290,000</del> <u>15,601,000</u>	.....	2008
\$	<del>16,620,000</del> <u>16,608,000</u>	.....	2009

The 2008 appropriation includes ~~\$1,606,000~~ \$1,214,000 for 2007 and ~~\$14,684,000~~ \$14,387,000 for 2008.

The 2009 appropriation includes ~~\$1,631,000~~ \$1,598,000 for 2008 and ~~\$14,989,000~~ \$15,010,000 for 2009.

Sec. 7. Laws 2007, chapter 146, article 1, section 24, subdivision 8, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<del>21,551,000</del> <u>20,755,000</u>	.....	2008
\$	<del>21,392,000</del> <u>21,007,000</u>	.....	2009

The 2008 appropriation includes \$2,124,000 for 2007 and ~~\$19,427,000~~ \$18,631,000 for 2008.

The 2009 appropriation includes ~~\$2,158,000~~ \$2,070,000 for 2008 and ~~\$19,234,000~~ \$18,937,000 for 2009.

## B. EDUCATION EXCELLENCE

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

~~31,875,000~~  
 \$ 32,817,000 ..... 2008  
~~36,193,000~~  
 \$ 37,527,000 ..... 2009

The 2008 appropriation includes \$2,814,000 for 2007 and ~~\$29,061,000~~ \$30,003,000 for 2008.

The 2009 appropriation includes ~~\$3,229,000~~ \$3,333,000 for 2008 and ~~\$32,964,000~~ \$34,194,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 3, is amended to read:

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

~~1,896,000~~  
 \$ 1,801,000 ..... 2008  
~~2,161,000~~  
 \$ 1,987,000 ..... 2009

The 2008 appropriation includes ~~\$241,000~~ \$239,000 for 2007 and ~~\$1,655,000~~ \$1,562,000 for 2008.

The 2009 appropriation includes ~~\$183,000~~ \$173,000 for 2008 and ~~\$1,978,000~~ \$1,814,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

~~61,769,000~~  
 \$ 59,036,000 ..... 2008  
~~61,000,000~~  
 \$ 62,448,000 ..... 2009

The 2008 appropriation includes \$5,824,000 for 2007 and ~~\$55,945,000~~ \$53,212,000 for 2008.

The 2009 appropriation includes ~~\$6,216,000~~ \$5,912,000 for 2008 and ~~\$54,784,000~~ \$56,536,000 for 2009.

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 6, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

~~9,639,000~~  
 \$ 9,901,000 ..... 2008  
~~11,567,000~~  
 \$ 11,881,000 ..... 2009

Sec. 12. Laws 2007, chapter 146, article 2, section 46, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

~~2,238,000~~  
 \$ 2,207,000 ..... 2008  
~~2,422,000~~  
 \$ 2,392,000 ..... 2009

The 2008 appropriation includes \$204,000 for 2007 and ~~\$2,034,000~~ \$2,003,000 for 2008.

The 2009 appropriation includes ~~\$226,000~~ \$222,000 for 2008 and ~~\$2,196,000~~ \$2,170,000 for 2009.

### C. SPECIAL PROGRAMS

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

~~1,538,000~~  
 \$ 2,086,000 ..... 2008  
~~1,729,000~~  
 \$ 2,282,000 ..... 2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$ ~~254,000~~ 207,000 ..... 2008  
 \$ ~~284,000~~ 227,000 ..... 2009

The 2008 appropriation includes \$22,000 for 2007 and ~~\$232,000~~ \$185,000 for 2008.

The 2009 appropriation includes ~~\$25,000~~ \$20,000 for 2008 and ~~\$259,000~~ \$207,000 for 2009.

**D. FACILITIES AND TECHNOLOGY**

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ ~~190,000~~ 254,000 ..... 2008

\$ ~~179,000~~ 103,000 ..... 2009

The 2008 appropriation includes \$20,000 for 2007 and ~~\$170,000~~ \$234,000 for 2008.

The 2009 appropriation includes ~~\$18,000~~ \$26,000 for 2008 and ~~\$161,000~~ \$77,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$ ~~14,813,000~~  
14,814,000 ..... 2008

\$ ~~11,124,000~~  
9,109,000 ..... 2009

The 2008 appropriation includes ~~\$1,767,000~~ \$1,766,000 for 2007 and ~~\$13,046,000~~ \$13,048,000 for 2008.

The 2009 appropriation includes ~~\$1,450,000~~ \$1,449,000 for 2008 and ~~\$9,674,000~~ \$7,660,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$ ~~3,290,000~~  
3,232,000 ..... 2008

\$ ~~2,667,000~~  
2,627,000 ..... 2009

The 2008 appropriation includes \$0 for 2007 and ~~\$3,290,000~~ \$3,232,000 for 2008.

The 2009 appropriation includes ~~\$365,000~~ \$359,000 for 2008 and ~~\$2,302,000~~ \$2,268,000 for 2009.

Sec. 18. Laws 2007, chapter 146, article 4, section 16, subdivision 8, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

	<del>38,145,000</del>		
\$	<u>38,236,000</u>	.....	2008
	<del>52,676,000</del>		
\$	<u>52,454,000</u>	.....	2009

This is a onetime appropriation.

#### E. NUTRITION AND ACCOUNTING

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

	<del>12,022,000</del>		
\$	<u>12,094,000</u>	.....	2008
	<del>12,166,000</del>		
\$	<u>12,394,000</u>	.....	2009

Sec. 20. Laws 2007, chapter 146, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	<del>150,000</del> <u>127,000</u>	.....	2008
\$	150,000	.....	2009

#### F. EARLY CHILDHOOD AND ADULT PROGRAMS

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 2, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	<del>21,106,000</del>		
\$	<u>21,092,000</u>	.....	2008
	<del>29,601,000</del>		
\$	<u>29,324,000</u>	.....	2009

The 2008 appropriation includes \$1,796,000 for 2007 and ~~\$19,310,000~~ \$19,296,000 for 2008.

The 2009 appropriation includes ~~\$2,145,000~~ \$2,144,000 for 2008 and ~~\$27,456,000~~ \$27,180,000 for 2009.

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 3, is amended to read:

Subd. 3. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

	<del>9,995,000</del>		
\$	<u>9,987,000</u>	.....	2008
\$	10,095,000	.....	2009

The 2008 appropriation includes ~~\$909,000~~ \$901,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	<del>1,307,000</del>		
\$	<u>1,299,000</u>	.....	2008
\$	<del>816,000</del> <u>796,000</u>	.....	2009

The 2008 appropriation includes \$195,000 for 2007 and ~~\$1,112,000~~ \$1,104,000 for 2008.

The 2009 appropriation includes ~~\$123,000~~ \$122,000 for 2008 and ~~\$693,000~~ \$674,000 for 2009.

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<del>710,000</del> <u>709,000</u>	.....	2008
\$	710,000	.....	2009

The 2008 appropriation includes ~~\$71,000~~ \$70,000 for 2007 and \$639,000 for 2008.

The 2009 appropriation includes \$71,000 for 2008 and \$639,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Sec. 25. Laws 2007, chapter 146, article 9, section 17, subdivision 13, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:





**Subd. 2. General Reduction**(1,000,000)(7,600,000)

Of this reduction, \$5,000,000 is from the appropriations for technology and \$1,000,000 is from the central reserves. The remainder is from the Office of the Chancellor budget.

The reductions in this subdivision must not result in reductions to any of the campuses of the Minnesota State Colleges and Universities, must not reduce the technology expenditures or grants to the campuses, and must not increase any assessments to the campuses from the Office of the Chancellor.

The Board of Trustees of the Minnesota State Colleges and Universities must reallocate \$9,000,000 of state appropriations to reduce student tuition increases to two percent at state colleges and three percent at state universities and must not increase student fees beyond the amount that is currently planned for the next academic year.

The legislature intends that by reducing tuition increases, the student's share of educational costs are decreased and the state's share of educational costs are increased, consistent with the funding policy in Minnesota Statutes, section 135A.01. The legislature's goal is to begin progress over the next eight years to achieve a two-thirds state share of educational costs and a one-third student share as specified in Minnesota Statutes, section 135A.01.

From the appropriation in Laws 2007, chapter 144, article 1, section 4, subdivision 1, the Board of Trustees shall allocate funding to campuses that lost revenue as a result of the decision in this law to eliminate nonresident undergraduate tuition at specified campuses.

**Subd. 3. Power of You Program**-0-600,000

This appropriation is for the continuation of the power of you program at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College under Minnesota Statutes, section 136F.19.

The board of trustees shall allocate the power of you funds to Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College.

The funds must be used for financial aid for eligible students. This appropriation is available to the extent it is matched with an equal amount of nonstate money.

This is a onetime appropriation.

**Subd. 4. Teachers of Diverse Backgrounds  
Financial Aid Pilot Program**

-0-

120,000

For a teachers of diverse backgrounds financial aid pilot program, to be implemented by (1) Winona State University in partnership with the Rochester school district and (2) St. Cloud State University in partnership with the Robbinsdale school district, to increase the diversity of teachers in school districts with a significant concentration of minority students and attain the state's interest in enhancing the academic achievement of diverse student populations.

A student is eligible to receive a grant under this subdivision if the student has a demonstrated interest and knowledge of diverse cultures. A preference must be given to a student whose parents did not attend college.

Grants shall be made to eligible students for the student's junior and senior years in a teacher preparation program. Priority shall be given to students who are eligible for a Pell grant or a state grant under Minnesota Statutes, section 136A.121. Applications must be submitted in the form and manner and with the information required by Winona State University and St. Cloud State University.

Within the limits of the appropriation, a student may receive a grant of up to \$5,000 each year for a maximum of two academic years or the equivalent if the student continues to make satisfactory progress, as defined by the institution, toward a baccalaureate degree in education.

This is a onetime appropriation.

**Subd. 5. System Base Reduced**

The system base is reduced by \$7,700,000 each year in fiscal years 2010 and 2011.

**Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>(6,150,000)</u></b>	<b><u>\$</u></b>	<b><u>(6,150,000)</u></b>
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The amounts that must be reduced or added for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. General Reduction</u></b>	<b><u>(6,150,000)</u></b>	<b><u>(6,150,000)</u></b>
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**Subd. 3. Restriction on Tuition Increase**

The Board of Regents must not increase student tuition or fees beyond the amount currently planned for the 2008-2009 academic year.

**Subd. 4. System Base Reduced**

The system base is reduced by \$8,700,000 in fiscal year 2010 and \$8,700,000 in fiscal year 2011.

Sec. 6. Minnesota Statutes 2006, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;

(7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or

~~(7)~~ (8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.

Sec. 7. Minnesota Statutes 2007 Supplement, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium. ~~This subdivision expires June 30, 2009.~~

Sec. 8. **[136F.19] POWER OF YOU PROGRAM.**

Subdivision 1. **Establishment.** The board shall establish and operate through each campus a power of you program at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College. The program shall, to the extent of available funding, make grants to eligible students. Each campus shall develop partnerships with high schools and school districts as part of the program. The board may accept and expend private funding for the program.

Subd. 2. **Grants.** A campus shall establish procedures to select recipients of grants. A grant award shall be equal to the amount remaining after deducting the student's Pell grant award and state grant award from the institution's tuition and mandatory fee charges.

Subd. 3. **Eligible students.** A student is eligible to receive a grant under this section if the student:

- (1) is a graduate from a public Minneapolis or St. Paul high school;
- (2) is enrolled full time immediately after graduation;
- (3) was a participant in a power of you program as a high school student; and
- (4) is eligible for a Pell grant or a state grant under section 136A.121.

Subd. 4. **Information.** The institutions implementing the power of you program shall disseminate information to all MnSCU institutions about their experience in implementing the program.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2006, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. **Matching grant qualification.** By ~~June 30~~ July 1 of each year, a state matching grant must be added to each account established under the program if the following conditions are met:

- (1) the contributor applies, in writing in a form prescribed by the director, for a matching grant;
- (2) a minimum contribution of \$200 was made during the preceding calendar year;
- (3) the beneficiary's family meets Minnesota college savings plan residency requirements; and
- (4) the family income of the beneficiary did not exceed \$80,000.

**EFFECTIVE DATE.** This section is effective July 1, 2008, for payments due July 1, 2009, and thereafter.

Sec. 10. Minnesota Statutes 2006, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** ~~Following certification~~ A person is eligible to receive educational benefits under this section if the person:

(1) is certified under section 299A.44 and in compliance with this section and rules of the commissioner of public safety and the Minnesota Office of Higher Education;

(2) is enrolled in an undergraduate degree or certificate program after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4;

(3) has not received a baccalaureate degree or been enrolled full time for ten semesters or the equivalent, except that a student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of eligibility; and

(4) is related in one of the following ways to a public safety officer killed in the line of duty on or after January 1, 1973:

(i) as a dependent ~~children~~ child less than 23 years of age and the;

(ii) as a surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of ten semesters or the equivalent, whichever occurs first, are no longer eligible; or

(iii) as a dependent child less than 30 years of age who has served on active military duty 181 consecutive days or more and has been honorably discharged or released to the dependent child's reserve or National Guard unit.

Sec. 11. Laws 2007, chapter 144, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. <b>State Grants</b>	147,400,000	144,138,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

For the biennium, the tuition maximum for students in four-year programs is \$9,838 in each year for students in four-year programs, and for students in two-year programs, is \$6,114 in the first year and \$5,808 in the second year.

This appropriation sets the living and miscellaneous expense allowance at \$5,900 ~~each~~ the first year and \$6,200 the second year.

Sec. 12. Laws 2007, chapter 144, article 1, section 5, subdivision 5, is amended to read:

Subd. 5. <b>University of Minnesota and Mayo Foundation Partnership</b>	25,000,000	-0-
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For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. For fiscal years 2010 and 2011, the base shall be \$8,000,000 in each year. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor, the chair of the house bioscience and emerging technologies committee, and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year. At a minimum, the report must include information on the number of patents, disclosures, and licensing agreements; the amount generated in royalties and how the royalty money is spent; and the number of companies created, where they are located, how many jobs are created, and the amount of venture capital raised.

**ARTICLE 5**  
**ENVIRONMENT AND NATURAL RESOURCES**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>Total</u></b>
<u>General</u>	\$ (328,000) \$	\$ (2,728,000) \$	\$ (3,056,000)
<u>Environmental</u>	-0-	134,000	134,000
<u>Natural Resources</u>	50,000	2,523,000	2,573,000
<u>Game and Fish</u>	123,000	631,000	754,000
<b><u>Total</u></b>	<b>\$ (155,000) \$</b>	<b>\$ 560,000 \$</b>	<b>405,000</b>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. **POLLUTION CONTROL AGENCY**                      \$                      **-0-** \$                      **(469,000)**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(603,000)</u>
<u>Environmental Fund</u>	<u>-0-</u>	<u>134,000</u>

\$623,000 is a reduction in 2009. The commissioner shall make the reduction to administrative activities in a way to minimize the effect to program operations.

\$134,000 in 2009 is appropriated from the environmental fund for the development

and adoption of rules to regulate emission standards of motor vehicles sold in this state as authorized under the federal Clean Air Act, United States Code, title 42, section 7507. The base for fiscal years 2010 and 2011 is \$114,000. \* (The preceding text beginning "\$134,000 in 2009 is appropriated" was indicated as vetoed by the governor.)

\$20,000 in 2009 is appropriated from the general fund for the following purposes:

(1) the development of recommendations for establishing a comprehensive product stewardship approach to reducing environmental and health risks posed by the use or disposal of products. These recommendations shall be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over environmental policy and environmental finance by January 15, 2009. The recommendations shall include, at a minimum: a set of criteria to be used to evaluate products proposed for product stewardship solutions; a process for designating products for product stewardship solutions and the role the legislature would play in that process; typical components of product stewardship plans; options to facilitate the creation of industry-managed stewardship management organizations; methods to identify and monitor progress toward stewardship performance goals for specific products; and strategies to implement the use of standards, certifications, and eco-labels to promote environmentally preferable products. To the extent possible, the recommendations must be consistent with existing product stewardship programs in North America. In developing the recommendations, the commissioner must consult with manufacturers, retailers, recyclers, environmental advocacy organizations, local units of government, and other interested parties;

(2) a report to be submitted by December 1, 2008, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over solid waste

policy, analyzing the availability of collection and processing capacity in the seven-county metropolitan area for the recycling of construction and demolition waste. The report must recommend a percentage of the total weight of construction and demolition waste generated in the seven-county metropolitan area that represents an achievable but aggressive recycling goal that can be reached in 2012 and must include an analysis of the economic and environmental costs and benefits of reaching that goal; and

(3) a report to be submitted by January 1, 2009, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over solid waste policy, that recommends options for achieving the following goals by 2020: an increase in county recycling rates to 60 percent of the weight of total solid waste generation; and the diversion, prior to delivery to landfills and waste-to-energy plants, and recycling and reuse of an amount of source-separated compostable materials equal to 15 percent of total solid waste generation. The commissioner must obtain input from counties inside and outside the seven-county metropolitan area, recycling and composting facilities, waste haulers, environmental organizations, and other interested parties in preparing the report. The report must also contain estimates of the economic costs of implementing the strategies. This is a onetime appropriation.

**Sec. 4. NATURAL RESOURCES**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>(155,000)</u></b>	<b><u>\$</u></b>	<b><u>594,000</u></b>
	<u>Appropriations by Fund</u>			
<u>General</u>	<u>(328,000)</u>	<u>(2,260,000)</u>		
<u>Natural Resources</u>	<u>50,000</u>	<u>2,223,000</u>		
<u>Game and Fish</u>	<u>123,000</u>	<u>631,000</u>		

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

**Subd. 2. Lands and Minerals** -0- (225,000)

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(425,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>200,000</u>

\$200,000 in 2009 is a general reduction in lands and minerals administration.

\$124,000 in 2009 is a reduction from the appropriation for iron ore cooperative agreements.

\$101,000 in 2009 is a reduction from the appropriation for minerals diversification.

\$200,000 in 2009 is appropriated from the natural resources fund for the administration and monitoring of permits to mine ferrous metals under Minnesota Statutes, section 93.481. By January 15, 2009, the commissioner shall report to the legislature and the chairs of the senate and house committees with jurisdiction over environment and natural resources finance on the establishment of a permit to mine application fee schedule that is based on the actual costs of issuing and monitoring individual permits and any necessary legislation needed to cover the costs of issuing and monitoring the permits for the next biennium.

**Subd. 3. Water Resource Management** (98,000) 10,000

Appropriations by Fund

<u>General</u>	<u>(98,000)</u>	<u>(90,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>100,000</u>

\$38,000 is a reduction in 2009 attributable to the modification of reporting requirements under Minnesota Statutes, section 103A.43.

By January 15, 2009, the Mississippi Headwaters Board, established under Minnesota Statutes, section 103F.367, shall submit a report to the chairs of the senate and house committees and divisions with jurisdiction over the environment and natural resources on how the board will meet its

responsibility to protect and enhance the Mississippi River and related shoreland as required by Minnesota Statutes, section 103F.367. In preparing the report, the Mississippi Headwaters Board shall hold two public input meetings in the area.

\$100,000 in 2009 is from the water recreation account in the natural resources fund for rulemaking on structures in public waters. This is a onetime appropriation.

\$22,000 in 2009 is a reduction from the appropriation for ring dikes under Minnesota Statutes, section 103F.161.

\$30,000 is a reduction in 2009 from the appropriation for grants associated with the implementation of the Red River mediation agreement.

\$98,000 is a reduction in 2008 from a onetime appropriation for impaired waters.

**Subd. 4. Forest Management**

-0-

250,000

\$53,000 in 2009 is for the Forest Resources Council to conduct a study of options and make recommendations to the legislature for addressing the fragmentation and parcelization of large blocks of private forest land in the state. This is a onetime appropriation.

\$197,000 in 2009 is for a grant to the University of Minnesota for the Interagency Information Cooperative to develop a common forest inventory format describing key attributes of Minnesota's public forest land base, growth models for managed forest stands, a forest wildlife habitat model format, and an information database on the state's family forest ownership.

**Subd. 5. Parks and Recreation Management**

50,000

-0-

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(220,000)</u>
<u>Natural Resources</u>	<u>50,000</u>	<u>220,000</u>

\$220,000 in 2009 is a reduction for parks and recreation management.

\$220,000 in 2009 is from the state parks account in the natural resources fund to fund state park operations, maintenance, resource management, educational services, and associated support costs.

\$50,000 in 2008 from the natural resources fund is for grants to local units of government for up to 75 percent of the cost of meeting the equipment requirements for public pools under Minnesota Statutes, section 144.1222, subdivision 1d, paragraph (a), if enacted. The maximum grant is \$10,000 per pool upgraded. Priority shall be given to local government applicants seeking assistance in installing a secondary suction or drainage outlet for the public pool where a fee is not charged for use of the pool. The commissioner shall consult with the commissioner of health in awarding the grants. Of this amount, notwithstanding the restrictions under Minnesota Statutes, section 297A.94, \$25,000 is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3), and \$25,000 is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). This is a onetime appropriation and is available until June 30, 2009.

**Subd. 6. Trails and Waterways Management** -0- 1,085,000

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(50,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>1,135,000</u>

Beginning in 2009, \$300,000 each year is from the all-terrain vehicle account in the natural resources fund for monitoring and maintenance of newly designated trails.

\$700,000 in 2009 is from the natural resources fund for the development of the Virginia site and connecting trails for the Iron Range Off-Highway Vehicle Recreation Area. Of this amount, \$400,000 is from the all-terrain vehicle account, \$75,000 is from the off-highway motorcycle

account, \$125,000 is from the off-road vehicle account, and \$100,000 is from the snowmobile trails and enforcement account. \$300,000 is from federal money allocated for motorized recreation. This is a onetime appropriation. The appropriation is available until expended for the design and development of an underpass for off-highway vehicles on Highway 135 in the city of Gilbert. None of these funds may be expended until all property as identified in the master plan has been acquired. This is a onetime appropriation.

\$100,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for a grant to the city of Hoyt Lakes to convert the Moose Trail snowmobile trail to a dual usage trail, so that it may also be used as an Off-Highway Vehicle trail connecting the city of Biwabik to the Iron Range Off-Highway Vehicle Recreation Area. This is a onetime appropriation.

\$50,000 in 2009 is a reduction from the appropriation for nonmotorized trails.

\$35,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for all-terrain vehicle grants-in-aid.

**Subd. 7. Fish and Wildlife Management**

123,000

119,000

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(427,000)</u>
<u>Game and Fish</u>	<u>123,000</u>	<u>546,000</u>

\$329,000 in 2009 is a reduction for fish and wildlife management.

\$46,000 in 2009 is a reduction in the appropriation for the Minnesota Shooting Sports Education Center.

\$52,000 in 2009 is a reduction for licensing.

\$123,000 in 2008 and \$246,000 in 2009 are from the game and fish fund to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters

and fish production operations. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), \$300,000 in 2009 is from the second year appropriation in Laws 2007, chapter 57, article 1, section 4, subdivision 7, from the heritage enhancement account in the game and fish fund to study, predesign, and design shooting sports facilities at the Vermillion Highlands Wildlife Management Area authorized by Laws 2007, chapter 57, article 1, section 168. This is available onetime only and is available until expended.

\$300,000 in 2009 is appropriated from the game and fish fund for only activities that improve, enhance, or protect fish and wildlife resources. This is a onetime appropriation.

**Subd. 8. Ecological Services**

(230,000)

-0-

\$230,000 in 2008 is a reduction from the appropriation for impaired waters.

By June 30, 2008, the commissioner of finance shall transfer \$594,000 from the water recreation account in the natural resources fund to the invasive species account in the natural resources fund for invasive species-related expenses.

**Subd. 9. Enforcement**

-0-

110,000

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(543,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>568,000</u>
<u>Game and Fish</u>	<u>-0-</u>	<u>85,000</u>

\$543,000 in 2009 is a reduction in enforcement operations. \$75,000 of this reduction is for conservation officer recruiting and \$85,000 of this reduction is for advanced hunter education.

\$383,000 in 2009 is from the water recreation account in the natural resources fund for enforcement operations.

\$185,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for grants to county law enforcement agencies for all-terrain vehicle enforcement and public education activities based on all-terrain vehicle use in the county.

\$85,000 in 2009 is from the game and fish fund for advanced hunter education.

**Subd. 10. Operations Support**

-0-

(755,000)

\$755,000 is a reduction to the department's administration costs in fiscal year 2009. The commissioner shall make these reductions throughout the agency through reduction in travel, administrative costs, and vacancy management.

The department's administration base is reduced by \$255,000 in fiscal years 2010 and 2011.

**Sec. 5. BOARD OF WATER AND SOIL RESOURCES**

\$

-0- \$

235,000

\$200,000 in 2009 is a reduction from the appropriation for county cooperative weed management programs.

\$47,000 is a reduction in 2009 from the appropriation for cost-sharing contracts to establish native buffers. This is a onetime reduction.

\$68,000 in 2009 is a reduction from the appropriation for the drainage assistance program.

\$450,000 in 2009 is for implementing rehabilitation, erosion, and sediment control projects in the area included in DR-1717. Funds appropriated or transferred and waivers previously authorized to the board for DR-1717 flood relief and recovery as provided in Laws 2007, First Special Session chapter 2, are available and applicable until June 30, 2010. The board may use money from this appropriation to implement federal funding for projects in the area. The base for 2010 is \$275,000 and the base for 2011 is \$0. This appropriation is available until expended.

\$100,000 in 2009 is for a grant to the Star Lake Board established in new Minnesota Statutes, section 103B.702. The board may use up to ten percent of the appropriation for administration and initial meeting of the Star Lake Board. This is a onetime appropriation.

To the extent possible prairie restorations paid for in whole or in part by appropriations to the board must be made using best management practices for native prairie restoration as defined in Minnesota Statutes, section 84.02, subdivision 2.

Sec. 6. **METROPOLITAN COUNCIL** **\$** **-0-** **\$** **200,000**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(100,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>300,000</u>

\$300,000 in fiscal year 2009 is reduced from money appropriated from the general fund for metropolitan area regional parks maintenance and operations under Laws 2007, chapter 57, article 1, section 6. This is a onetime reduction.

\$300,000 in fiscal year 2009 is appropriated from the natural resources fund for metropolitan area regional parks maintenance and operations. This is a onetime appropriation from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

\$200,000 in 2009 is for a grant to the city of St. Paul. This appropriation is in addition to and for the same purposes as the appropriation for a grant to the city of St. Paul for Como Zoo in Laws 2006, chapter 258, section 17, subdivision 8. This is a onetime appropriation and is available until expended.

Sec. 7. **TRANSFERS IN**

By June 30, 2009, the commissioner of finance shall transfer any remaining unappropriated balance, estimated to be

\$103,000, from the Minnesota future resources fund to the general fund.

By June 30, 2008, the commissioner of finance shall transfer \$1,400,000 from the balance in the stream protection and improvement fund to the general fund.

Sec. 8. Minnesota Statutes 2006, section 17.4988, subdivision 2, is amended to read:

Subd. 2. **Aquatic farming license.** (a) The annual fee for an aquatic farming license is \$210 for the base license. The commissioner must establish an additional fee based on the acreage of the operation.

(b) The aquatic farming license may contain endorsements for the rights and privileges of the following licenses under the game and fish laws. The endorsement must be made upon payment of the license fee prescribed in section 97A.475 for the following licenses:

- (1) minnow dealer license;
- (2) minnow retailer license for sale of minnows as bait;
- (3) minnow exporting license;
- (4) aquatic farm vehicle endorsement, which includes a minnow dealer vehicle license, a minnow retailer vehicle license, an exporting minnow vehicle license, and a fish vendor license;
- (5) sucker egg taking license; and
- (6) game fish packers license.

Sec. 9. Minnesota Statutes 2006, section 17.4988, subdivision 3, is amended to read:

Subd. 3. **Inspection fees.** ~~The fees for the following inspections are:~~ The commissioner may, by written order published in the State Register, establish fees for the services listed in clauses (1) to (3). The fees must be set in an amount that does not recover significantly more or less than the cost of providing the service. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The services covered under this provision include:

- (1) initial inspection of each water to be licensed, ~~\$50~~;
- (2) fish health inspection and certification, ~~\$60 plus \$150 per lot thereafter including initial tissue sample collection, basic fish health assessment, viral pathogen testing, and bacteriological testing; and~~
- (3) initial inspection for containment and quarantine facility inspections, ~~\$100~~.

Sec. 10. **[85.53] PARKS AND TRAILS FUND.**

The parks and trails fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the parks and trails fund must be credited to the fund.

**EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 11. Minnesota Statutes 2006, section 93.481, is amended by adding a subdivision to read:

Subd. 7. **Mining administration account.** The mining administration account is established as an account in the natural resources fund. Ferrous mining administrative fees charged to owners, operators, or managers of mines shall be credited to the account and may be appropriated to the commissioner to cover the costs of providing and monitoring permits to mine ferrous metals under this section.

Sec. 12. **[94.3495] EXPEDITED EXCHANGES OF LAND INVOLVING THE STATE AND GOVERNMENTAL SUBDIVISIONS OF THE STATE.**

Subdivision 1. **Purpose and scope.** (a) The purpose of this section is to expedite the exchange of public land ownership. Consolidation of public land reduces management costs and aids in the reduction of forest fragmentation.

(b) This section applies to exchanges of land between the state and a governmental subdivision of the state. For land exchanges under this section, sections 94.342 to 94.347 apply only to the extent specified in this section.

Subd. 2. **Classes of land; definitions.** The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, except for:

(i) school trust land as defined in section 92.025; and

(ii) university land granted to the state by acts of Congress;

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies. To determine the value of the land, the parties to the exchange may cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker. Merchantable timber value must be determined and considered in finalizing valuation of the lands.

(b) All lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands are of substantially equal value but are not of the same value.

Subd. 4. **Title.** Title to the land must be examined to the extent necessary for the parties to determine that the title is good, with any encumbrances identified. The parties to the exchange may utilize title insurance to aid in the determination.

Subd. 5. **Approval by Land Exchange Board.** All expedited land exchanges under this section, and the terms and conditions of the exchanges, require the unanimous approval of the Land Exchange Board.

Subd. 6. **Conveyance.** (a) Conveyance of Class 1 land given in exchange shall be made by deed executed by the commissioner of natural resources in the name of the state. Conveyance of Class 2 land given in exchange shall be by a deed executed by the commissioner of revenue in the name of the state. Conveyance of Class 3 land shall be by a deed executed by the governing body in the name of the governing authority.

(b) If Class 1 land is given in exchange for Class 2 or 3 land, the deed to the Class 2 or 3 land shall first be delivered to the commissioner of natural resources. Following the recording of the deed, the commissioner of natural resources shall deliver the deed conveying the Class 1 land.

(c) If Class 2 land is given in exchange for Class 3 land, the deed to the Class 3 land shall first be delivered to the county auditor. Following the recording of the deed, the commissioner of revenue shall deliver the deed conveying the Class 2 land.

(d) All deeds shall be recorded or registered in the county in which the lands lie.

Subd. 7. **Reversionary interest; mineral and water power rights and other reservations.** (a) All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:

(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and

(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.

(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

Subd. 8. **Land status.** Land received in exchange for Class 1 land is subject to the same trust, if any, and otherwise has the same status as the land given in exchange. Land received in exchange for Class 2 land is subject to a trust in favor of the governmental subdivision wherein it lies and all laws relating to tax-forfeited land. Land received in exchange for Class 3 land has the same status as the land given in exchange.

Sec. 13. Minnesota Statutes 2006, section 97A.475, subdivision 29, is amended to read:

Subd. 29. **Private fish hatcheries.** The fees for the following licenses to be issued to residents and nonresidents are:

(1) for a private fish hatchery, with annual sales under \$200, \$70;

(2) for a private fish hatchery, with annual sales of \$200 or more, \$210 for the base license. The commissioner must establish an additional fee based on the acreage of the operation; and

(3) to take sucker eggs from public waters for a private fish hatchery, \$400, plus \$6 for each quart in excess of 100 quarts.

Sec. 14. Minnesota Statutes 2006, section 103A.204, is amended to read:

**103A.204 GROUNDWATER POLICY.**

(a) The responsibility for the protection of groundwater in Minnesota is vested in a multiagency approach to management. The following is a list of agencies and the groundwater protection areas for which the agencies are primarily responsible; the list is not intended to restrict the areas of responsibility to only those specified:

(1) Environmental Quality Board: ~~creation of a water resources committee to coordinate coordination of state groundwater protection programs and a biennial groundwater policy report beginning in 1994 that includes, for the 1994 report, the findings in the groundwater protection report coordinated by the Pollution Control Agency for the Environmental Protection Agency;~~

(2) Pollution Control Agency: water quality monitoring and reporting and the development of best management practices and regulatory mechanisms for protection of groundwater from nonagricultural chemical contaminants;

(3) Department of Agriculture: sustainable agriculture, integrated pest management, water quality monitoring, and the development of best management practices and regulatory mechanisms for protection of groundwater from agricultural chemical contaminants;

(4) Board of Water and Soil Resources: reporting on groundwater education and outreach with local government officials, local water planning and management, and local cost share programs;

(5) Department of Natural Resources: water quantity monitoring and regulation, sensitivity mapping, and development of a plan for the use of integrated pest management and sustainable agriculture on state-owned lands; and

(6) Department of Health: regulation of wells and borings, and the development of health risk limits under section 103H.201.

(b) ~~The Environmental Quality Board shall through its Water Resources Committee coordinate with representatives of all agencies prepare a report on policy issues related to its responsibilities listed in paragraph (a), citizens, and other interested groups to prepare a biennial report every even-numbered year as part of its duties described in sections 103A.43 and 103B.151 and include these reports with the assessments in section 103A.43 and the "Minnesota Water Plan" in section 103B.151.~~

Sec. 15. Minnesota Statutes 2006, section 103A.43, is amended to read:

**103A.43 WATER ASSESSMENTS AND REPORTS.**

(a) ~~The Environmental Quality Board shall evaluate and consolidate the assessments required in paragraphs (b) and (c) with the policy report in section 103A.204 and submit a single report to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources on statewide water research needs and recommended priorities for addressing these needs. Local water research needs may also be included by September 15, 2010, and every five years thereafter.~~

(b) ~~The Environmental Quality Board shall work with the~~ Pollution Control Agency and the Department of Agriculture ~~to coordinate~~ shall provide a biennial assessment and analysis of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water. The assessment and analysis must include an analysis of relevant monitoring data.

(c) ~~The Environmental Quality Board shall work with the~~ Department of Natural Resources ~~to coordinate~~ shall provide an assessment and analysis of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

~~(d) The Environmental Quality Board shall coordinate and submit a report on water policy including the analyses in paragraphs (a) to (c) to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources by September 15 of each even-numbered year. The report may include the groundwater policy report in section 103A.204.~~

Sec. 16. Minnesota Statutes 2006, section 103B.151, subdivision 1, is amended to read:

Subdivision 1. **Water planning.** The Environmental Quality Board shall:

(1) coordinate public water resource management and regulation activities among the state agencies having jurisdiction in the area;

(2) ~~initiate, coordinate, and continue to develop~~ comprehensive long-range water resources planning in furtherance of ~~the plan prepared by~~ the Environmental Quality Board's ~~Water Resources Committee~~ entitled "Minnesota Water Plan," published in January 1991, by September 15, 2000, and each ten-year interval afterwards;

(3) coordinate water planning activities of local, regional, and federal bodies with state water planning and integrate these plans with state strategies;

(4) coordinate development of state water policy recommendations and priorities, and a recommended program for funding identified needs, including priorities for implementing the state water resources monitoring plan;

(5) administer federal water resources planning with multiagency interests;

(6) ensure that groundwater quality monitoring and related data is provided and integrated into the Minnesota land management information system according to published data compatibility guidelines. Costs of integrating the data in accordance with data compatibility standards must be borne by the agency generating the data;

(7) coordinate the development and evaluation of water information and education materials and resources; and

(8) coordinate the dissemination of water information and education through existing delivery systems.

Sec. 17. **[103B.701] STAR LAKES.**

Subdivision 1. **Definition.** For the purposes of this section, the term "lake association" means an association organized for the purpose of addressing issues on a specific lake or river, a lake improvement district, or a lake conservation district.

Subd. 2. **Application.** (a) A lake association may apply to the Star Lake Board for designation as a star lake or river. The applicant must include a copy of a star lake or river management plan for the lake or river.

(b) After review of the application, the Star Lake Board shall determine whether designation as a star lake or river will be granted. The designation as a star lake or river becomes effective the day following designation by the board. The board shall publish the decision on a star lake or river designation in the State Register, including the effective date of the designation.

(c) The star lake or river designation is effective until the earlier of:

(1) five years after the date of designation; or

(2) when the Star Lake Board finds that the lake association is not fulfilling the requirements of this section or of the star lake or river management plan submitted.

(d) Within six months before the expiration date of the designation as a star lake or river, a lake association may apply to continue the star lake or river designation under this section.

Subd. 3. **Eligibility.** A lake association applying for designation as a star lake or river must:

(1) develop and update a star lake or river management plan as provided in subdivision 4;

(2) maintain a membership or participation of at least 50 percent of the private shoreland owners;

(3) participate in a water quality monitoring program under section 115.06, subdivision 4, or other programs meeting Pollution Control Agency standards; and

(4) meet at least annually to review the plan and notify appropriate state agencies and local government units in the development and monitoring of the star lake or river management plan.

Subd. 4. **Star lake or river management plan.** (a) A star lake or river management plan must contain a baseline of the current condition of the lake or river based on scientific information and plans for addressing the following issues:

(1) increases in native vegetation in the littoral area of the lake or river, where appropriate;

(2) increases in native vegetation on the shoreline areas of the lake or river, where appropriate;

(3) prevention, reduction, or elimination of aquatic invasive species in the lake or river;

(4) increasing or maintaining a healthy diverse fishery that is appropriate for the lake or river;

(5) how the association will work with state agencies and local government units to identify water pollution sources and impairments;

(6) how the association will assist state and local programs to generate data needed by state agencies and local government units in an appropriate format;

(7) promoting compliance with adopted shoreland zoning standards and shoreland best management practices;

(8) how the lake association will assure its involvement in public input opportunities for various local comprehensive and project-specific planning and zoning processes;

(9) education and recognition opportunities for shoreland owners and other entities that conduct activities affecting the quality of the lake or river; and

(10) other activities that will coordinate with or enhance other state and local water management efforts.

(b) The star lake or river management plan shall be updated within five years of adoption by the lake association.

Subd. 5. **State resources.** State agencies may consider star lake or river designation in determining the allocation of financial and staff resources.

#### Sec. 18. **[103B.702] STAR LAKE BOARD.**

Subdivision 1. **Establishment.** (a) The Star Lake Board shall be established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Star Lake Board shall promote and designate star lakes and rivers in Minnesota under section 103B.701.

(b) The board must work with private and public entities to leverage the resources available to achieve and sustain the designation of Minnesota star lakes or rivers. The board may assist lake associations with finding appropriate technical and financial assistance and make recommendations to state agencies and local government units regarding the manner in which technical or financial assistance can be most effectively delivered. To the extent that money is available, the board may secure, provide, or recommend financial assistance to meet specific needs of lake associations, for:

(1) completing a star lake or river management plan when the lake association does not have an existing management plan and the association is committed to the goals of a plan, as specified in section 103B.701, subdivision 4; and

(2) addressing specific issues of the lake or river to achieve or maintain the goals of the lake or river management plan for lake associations that have achieved a star lake or river designation.

(c) The board shall consist of:

(1) three public members appointed by the speaker of the house, with one member representing county governments, one member representing city governments, and one member representing an organization that promotes clean lakes and rivers;

(2) three public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, with one member representing county governments, one member representing city governments, and one member representing an organization that promotes clean lakes and rivers;

(3) five members, chosen by the other board members with regard to obtaining representation from a variety of types of lakes and rivers within the state, who are from lake associations representing designated star lakes or rivers, or until July 1, 2011, are eligible to achieve star lake or river designation;

(4) one member designated by the commissioner of natural resources;

(5) one member designated by the commissioner of the Pollution Control Agency;

(6) one member designated by the chair of the Board of Water and Soil Resources;  
and

(7) one member designated by the Indian Affairs Council.

(d) By January 15 of each odd-numbered year, the board shall submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment policy and finance on the activities for which money has been or will be spent for the current biennium, the applications for designation, and the star lakes or rivers designated by the board.

(e) Public members appointed by the speaker of the house and the senate Subcommittee on Committees of the Committee on Rules and Administration serve at the pleasure of the appointing authority.

Subd. 2. **Conflict of interest.** A board member may not participate in or vote on a decision of the board relating to an organization in which the member has either a direct or indirect personal financial interest. While serving on the Star Lake Board, a member shall avoid any potential conflict of interest.

Subd. 3. **Staff; contracts.** The board may hire staff or enter into contracts to carry out the activities of the board.

Subd. 4. **Bylaws.** The board shall adopt bylaws necessary for the conduct of the business of the board consistent with this section. The corporation must publish bylaws and amendments to the bylaws in the State Register.

Subd. 5. **Place of business.** The board shall locate and maintain the board's place of business within the state.

Subd. 6. **Chair.** The board shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 7. **Meetings.** The board shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the board. Board meetings are subject to chapter 13D.

Subd. 8. **Funds.** The board may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequeathed to it. The principal of these funds, the income from them, and all other revenues received by the board from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes.

Subd. 9. **Accounts; audits.** The board may establish funds and accounts necessary to carry out its responsibilities. The board shall provide for and pay the cost of an independent audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

Sec. 19. Minnesota Statutes 2006, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in

accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

- (1) ~~\$101~~ \$140 for amounts not exceeding 50,000,000 gallons per year;
- (2) ~~\$3~~ \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;
- (3) ~~\$3.50~~ \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;
- (4) ~~\$4~~ \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;
- (5) ~~\$4.50~~ \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;
- (6) ~~\$5~~ \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;
- (7) ~~\$5.50~~ \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;
- (8) ~~\$6~~ \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;
- (9) ~~\$6.50~~ \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;
- (10) ~~\$7~~ \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and
- (11) ~~\$7.50~~ \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

- (1) for nonprofit corporations and school districts, ~~\$150~~ \$200 per 1,000,000 gallons; and
- (2) for all other users, ~~\$300~~ \$420 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.

(d) For water use processing fees other than once-through cooling systems:

- (1) the fee for a city of the first class may not exceed \$250,000 per year;
- (2) the fee for other entities for any permitted use may not exceed:
  - (i) \$50,000 per year for an entity holding three or fewer permits;
  - (ii) \$75,000 per year for an entity holding four or five permits;
  - (iii) \$250,000 per year for an entity holding more than five permits;
- (3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) A surcharge of \$20 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 20. Minnesota Statutes 2007 Supplement, section 103G.291, subdivision 3, is amended to read:

Subd. 3. **Water supply plans; demand reduction.** (a) Every public water supplier serving more than 1,000 people must submit a water supply plan to the commissioner for approval by January 1, 1996. In accordance with guidelines developed by the commissioner, the plan must address projected demands, adequacy of the water supply system and planned improvements, existing and future water sources, natural resource impacts or limitations, emergency preparedness, water conservation, supply and demand reduction measures, and allocation priorities that are consistent with section 103G.261. Public water suppliers must update their plan and, upon notification, submit it to the commissioner for approval every ten years.

(b) The water supply plan in paragraph (a) is required for all communities in the metropolitan area, as defined in section 473.121, with a municipal water supply system and is a required element of the local comprehensive plan required under section 473.859. Water supply plans or updates submitted after December 31, 2008, must be consistent with the metropolitan area master water supply plan required under section 473.1565, subdivision 1, paragraph (a), clause (2).

(c) Public water suppliers serving more than 1,000 people must employ water use demand reduction measures, including a conservation rate structure, as defined in subdivision 4, paragraph (a), unless exempted under subdivision 4, paragraph (c), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized

volume of appropriation. Demand reduction measures must include evaluation of conservation rate structures and a public education program that may include a toilet and showerhead retrofit program.

(d) Public water suppliers serving more than 1,000 people must submit records that indicate the number of connections and amount of use by customer category and volume of water unaccounted for with the annual report of water use required under section 103G.281, subdivision 3.

(e) For the purposes of this ~~subdivision~~ section, "public water supplier" means an entity that owns, manages, or operates a public water supply, as defined in section 144.382, subdivision 4.

Sec. 21. Minnesota Statutes 2006, section 103G.291, is amended by adding a subdivision to read:

Subd. 4. **Conservation rate structure required.** (a) For the purposes of this section, "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The rate structure must consider each residential unit as an individual user in multiple-family dwellings.

(b) To encourage conservation, a public water supplier serving more than 1,000 people in the metropolitan area, as defined in section 473.121, subdivision 2, shall use a conservation rate structure by January 1, 2010. All remaining public water suppliers serving more than 1,000 people shall use a conservation rate structure by January 1, 2013.

(c) A public water supplier without the proper measuring equipment to track the amount of water used by its users, as of the effective date of this act, is exempt from this subdivision and the conservation rate structure requirement under subdivision 3, paragraph (c).

Sec. 22. Minnesota Statutes 2006, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply, but the rule must not take effect until 45 legislative days after it has been reported to the legislature. ~~The fees may not exceed \$750 per permit shall be based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.~~

(b) ~~The~~ A fee for a permit for the control of rooted aquatic vegetation ~~is \$35~~ for each contiguous parcel of shoreline owned by an owner may be charged. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account.

Sec. 23. [114D.50] CLEAN WATER FUND.

The clean water fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

**EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 24. Minnesota Statutes 2006, section 116.07, subdivision 4, is amended to read:

Subd. 4. **Rules and standards.** Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1967, chapter 882, for the prevention, abatement, or control of air pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to sources or emissions of air contamination or air pollution, to the quality or composition of such emissions, or to the quality of or composition of the ambient air or outdoor atmosphere or to any other matter relevant to the prevention, abatement, or control of air pollution.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, chapter 1046, for the collection, transportation, storage, processing, and disposal of solid waste and the prevention, abatement, or control of water, air, and land pollution which may be related thereto, and the deposit in or on land of any other material that may tend to cause pollution. The agency shall adopt such rules and standards for sewage sludge, addressing the intrinsic suitability of land, the volume and rate of application of sewage sludge of various degrees of intrinsic hazard, design of facilities, and operation of facilities and sites. Any such rule or standard may be of general application throughout the state or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to collection, transportation, processing, disposal, equipment, location, procedures, methods, systems or techniques or to any other matter relevant to the prevention, abatement or control of water, air, and land pollution which may be advised through the control of collection, transportation, processing, and disposal of solid waste and sewage sludge, and the deposit in or on land of any other material that may tend to cause pollution. By January 1, 1983, the rules for the management of sewage sludge shall include an analysis of the sewage sludge determined by the commissioner of agriculture to be necessary to meet the soil amendment labeling requirements of section 18C.215. The rules for the disposal of solid waste shall include site-specific criteria to prohibit solid waste disposal based on the area's sensitivity to groundwater contamination, including site-specific testing. The rules shall also include modifications to financial assurance requirements under subdivision 4h that ensure the state is protected from financial responsibility for future groundwater contamination. Until the rules are modified to include site-specific criteria to prohibit areas from solid waste disposal due to groundwater contamination sensitivity, as required under this section, the agency shall not issue a permit for a new solid waste disposal facility, except for:

(1) the reissuance of a permit for a land disposal facility operating as of March 1, 2008;

(2) a permit to expand a land disposal facility operating as of March 1, 2008, beyond its permitted boundaries, including expansion on land that is not contiguous to, but is located within 600 yards of, the land disposal facility's permitted boundaries;

(3) a permit to modify the type of waste accepted at a land disposal facility operating as of March 1, 2008;

(4) a permit to locate a disposal facility that accepts only construction debris as defined in section 115A.03, subdivision 7;

(5) a permit to locate a disposal facility that:

(i) accepts boiler ash from an electric energy power plant that has wet scrubbed units or has units that have been converted from wet scrubbed units to dry scrubbed units as those terms are defined in section 216B.68;

(ii) is on land that was owned on May 1, 2008, by the utility operating the electric energy power plant; and

(iii) is located within three miles of the existing ash disposal facility for the power plant; or

(6) a permit to locate a new solid waste disposal facility for ferrous metallic minerals regulated under Minnesota Rules, chapter 6130, or for nonferrous metallic minerals regulated under Minnesota Rules, chapter 6132.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1971, chapter 727, for the prevention, abatement, or control of noise pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances or conditions in order to make due allowances for variations therein. Without limitation, rules or standards may relate to sources or emissions of noise or noise pollution, to the quality or composition of noises in the natural environment, or to any other matter relevant to the prevention, abatement, or control of noise pollution.

As to any matters subject to this chapter, local units of government may set emission regulations with respect to stationary sources which are more stringent than those set by the Pollution Control Agency.

Pursuant to chapter 14, the Pollution Control Agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of this chapter for generators of hazardous waste, the management, identification, labeling, classification, storage, collection, treatment, transportation, processing, and disposal of hazardous waste and the location of hazardous waste facilities. A rule or standard may be of general application throughout the state or may be limited as to time, places, circumstances, or conditions. In implementing its hazardous waste rules, the Pollution Control Agency shall give high priority to providing planning and technical assistance to hazardous waste generators. The agency shall assist generators in investigating the availability and feasibility of both interim and long-term hazardous waste management methods. The methods shall include waste reduction, waste separation, waste processing, resource recovery, and temporary storage.

The Pollution Control Agency shall give highest priority in the consideration of permits to authorize disposal of diseased shade trees by open burning at designated sites to

evidence concerning economic costs of transportation and disposal of diseased shade trees by alternative methods.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 25. **[129D.17] ARTS AND CULTURAL HERITAGE FUND.**

The arts and cultural heritage fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

**EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 26. **[173.0855] STAR LAKE OR RIVER SIGNS.**

Subdivision 1. **Authority to erect.** (a) A county, statutory or home rule charter city, or town of Minnesota that contains a star lake or river designated under section 103B.701 may request the Department of Transportation to erect star lake or river signs pursuant to section 161.139. One sign may be erected at each approach to a lake or river within the right-of-way of an interstate or other highway that passes over a lake or river in the Department of Transportation's eight-county metropolitan district or near or over a lake or river in greater Minnesota.

(b) An official lake or river sign on the right-of-way of an interstate or other highway may be replaced with a star lake or river sign by the Department of Transportation pursuant to section 161.139.

Subd. 2. **Sign standards.** The Department of Transportation shall design and manufacture the star lake and river signs to specifications not contrary to other federal and state highway sign standards.

Sec. 27. Minnesota Statutes 2006, section 473.1565, subdivision 3, is amended to read:

Subd. 3. **Reports to legislature.** The council must submit reports to the legislature regarding its findings, recommendations, and continuing planning activities under subdivision 1. The first report must be submitted to the legislature by the date the legislature convenes in 2007 and subsequent reports must be submitted by such date every five years thereafter. These reports shall be included in the "Minnesota Water Plan" required in section 103B.151, and five-year interim reports may be provided as necessary.

Sec. 28. Laws 2007, chapter 57, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. <b>Forest Management</b>	44,495,000	43,393,000
Appropriations by Fund		
General	24,755,000	24,836,000
Natural Resources	19,483,000	18,293,000
Game and Fish	257,000	264,000

\$7,217,000 the first year and \$7,217,000 the second year are for prevention,

presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund.

By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$17,983,000 the first year and \$18,293,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

Of this amount:

- (1) \$750,000 each year is for additional staff to enhance timber sales;
- (2) \$1,000,000 each year is for forest improvements;
- (3) \$1,100,000 each year is for forest road maintenance;
- (4) \$600,000 each year is for the ecological classification system on state forest lands;
- (5) \$350,000 each year is for the prevention of invasive species on state forest lands; and
- (6) \$400,000 each year is for the re-inventory of state forest lands.

Money for forest road maintenance is onetime.

\$780,000 the first year and \$780,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$40,000 the first year is for the Forest Resources Council to provide a grant to the University of Minnesota to prepare a statewide plan to address the fragmentation and parcelization of large blocks of forest land in the state.

\$200,000 in fiscal year 2008 is for a grant to the Forest Resources Research Advisory Committee to provide direction on research topics recommended by the governor's task force on the competitiveness of Minnesota's primary forest products industry.

\$350,000 the first year and \$350,000 the second year are for the FORIST timber management information system, other information systems, and for increased forestry management. The amount in the second year is also available in the first year.

\$257,000 the first year and \$264,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$110,000 the first year is to develop and implement a statewide information and education campaign regarding the statewide ban on the transport, storage, or use of nonapproved firewood on state-administered lands.

\$1,500,000 the first year is from the forest management investment account in the natural resources fund for the purposes of section 158. This is a onetime appropriation.

\$75,000 the first year is to the Forest Resources Council for a task force on forest protection and \$75,000 the second year is appropriated to the commissioner for grants to cities, counties, townships, special recreation areas, and park and

recreation boards in cities of the first class for the identification, removal, disposal, and replacement of dead or dying shade trees lost to forest pests or disease. For purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value. The commissioner shall consult with municipalities; park and recreation boards in cities of the first class; nonprofit organizations; and other interested parties in developing eligibility criteria. \* **(The preceding text beginning "\$75,000 the first year" was indicated as vetoed by the governor.)**

\$200,000 in fiscal year 2008 is for a grant to the Natural Resources Research Institute for silvicultural research to improve the quality and quantity of timber fiber. The appropriation must be matched in the amount of \$200,000 in cash or in-kind contributions from the forest products industry members of the Minnesota Forest Productivity Research Cooperative.

~~\$1,000,000 the first year and \$1,000,000 the second year are to support additional technical and cost-share assistance to nonindustrial private forest (NIPF) landowners forest management activities.~~ The base appropriation in fiscal year 2010 and later is \$500,000.

~~\$200,000 the first year and \$200,000 the second year are to address escalating land asset management demands, such as boundary disputes, access easements, and safe, exchange, and acquisition of forest lands support additional forest management activities.~~

Sec. 29. Laws 2007, chapter 57, article 1, section 4, subdivision 6, is amended to read:

<b>Subd. 6. Trails and Waterways Management</b>	30,257,000	30,492,000
Appropriations by Fund		
General	2,538,000	2,568,000

Natural Resources	25,600,000	25,730,000
Game and Fish	2,119,000	2,194,000

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid. The additional money under this item may be used for new grant-in-aid trails. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,175,000 the first year and \$1,325,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid. Of this amount, \$825,000 the first year and \$1,075,000 the second year are from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$200,000 the first year and \$100,000 the second year are from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$261,000 the first year and \$261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

\$742,000 the first year and \$760,000 the second year are from the natural resources fund for state trail operations and maintenance. The money may be used for trail maintenance, signage, mapping, interpretation, native prairie restoration using best management practices, and maintenance of nonmotorized forest trails. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$655,000 the first year and \$655,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. This appropriation is from the revenue deposited in the natural resources fund

under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year. In addition, if a project financed under this program receives a federal grant award, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

\$150,000 the first year and \$150,000 the second year are from the all-terrain vehicle account for two all-terrain vehicle trail specialists to assist and consult with on all-terrain vehicle grant-in-aid education and training for sustainable trail development and maintenance, as well as providing training for public and private sector trail monitoring. The specialists may assist in the evaluation of grant-in-aid trail proposals, but not in the promotion of new trails.

\$1,965,000 the first year and \$2,040,000 the second year are from the game and fish fund for expenditures on water access sites according to the requirements of the federal sport and fish restoration program.

Money appropriated under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (h), for the Paul Bunyan State Trail connection is available until June 30, 2008.

\$400,000 each year is for operation and maintenance of nonmotorized trails within state forests. This is a onetime appropriation.

\$75,000 each year is for additional wild and scenic rivers program activities.

\$120,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and available until spent.

The appropriation in Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 6, from the lottery in lieu

account in the natural resources fund for trail grants to local units of government, is available until June 30, 2009.

Sec. 30. **MINING ADMINISTRATIVE FEE.**

(a) Until a new application fee schedule is adopted for permits to mine or process taconite according to the report submitted by the commissioner of natural resources under this article, the commissioner shall charge the administrative fees established in paragraph (b), payable to the commissioner by June 30 of each year, beginning in 2008.

(b) A company that manages a taconite mining or taconite processing operation shall pay:

(1) \$90,000 if the total production of the company's combined operations in the state had an annual production of 10,000,000 or more tons of taconite pellets or iron nuggets during the previous calendar year;

(2) \$10,000 if the total production of the company's combined operations in the state had an annual production of less than 10,000,000 tons of taconite pellets or iron nuggets during the previous calendar year; and

(3) \$3,333 if the mining operation is permitted to mine, but had no annual production of taconite pellets or iron nuggets during the previous calendar year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to companies that manage a taconite mining or taconite processing operation holding or applying for a permit to mine under Minnesota Statutes, section 93.481, during the 2007 calendar year.

Sec. 31. **DEPARTMENT OF NATURAL RESOURCES RULEMAKING REQUIRED; STRUCTURES IN PUBLIC WATERS.**

By January 15, 2010, the commissioner of natural resources shall update rules on structures that are allowed in public waters and the permit requirements for those structures under Minnesota Rules, chapter 6115. The Department of Natural Resources general permit no. 2008-0401 expires on the effective date of the updated rules.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 32. **FIRST MEETING; DEADLINE FOR APPOINTMENTS.**

The appointing authorities named in Minnesota Statutes, section 103B.702, must complete their appointments to the Star Lake Board by January 15, 2009, with the exception of the appointments required under Minnesota Statutes, section 103B.702, subdivision 1, paragraph (c), clause (3), which must be completed within 30 days of the first meeting of the board. The board member designated by the Board of Water and Soil Resources must convene the first meeting of the board no later than February 15, 2009.

Sec. 33. **SOLID WASTE DISPOSAL RULES REPORT; LEGISLATIVE REVIEW.**

By January 15, 2010, the Pollution Control Agency shall report to the senate and house of representatives environment policy and finance committees and divisions on

proposed rules, under Minnesota Statutes, section 116.07, subdivision 4, to prohibit the disposal of solid waste in specific areas due to the sensitivity of the area to groundwater contamination.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 34. **INDUSTRIAL AND CONSTRUCTION AND DEMOLITION LANDFILL WORKING GROUP.**

The commissioner of the Pollution Control Agency shall, by July 15, 2008, convene a working group to develop, evaluate, and recommend policies and legislation regarding the management of industrial solid waste and construction and demolition debris in land disposal facilities. The commissioner shall appoint members of the working group, including representatives from counties, state agencies, private landfill owners, waste haulers, environmental organizations, and other interested parties to serve on the working group. The Pollution Control Agency shall serve as staff to the working group. The working group shall submit a report of its findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and environmental finance by January 15, 2009.

**ARTICLE 6**

**ENERGY, COMMERCE, UTILITIES**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund, made in this article.

	<b><u>2008</u></b>		<b><u>2009</u></b>		<b><u>Total</u></b>
<u>General</u>	\$ (2,670,000)	\$	(1,436,000)	\$	(4,106,000)

Sec. 2. **APPROPRIATIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. **COMMERCE**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>(2,670,000)</u></b>	<b><u>\$</u></b>	<b><u>(1,436,000)</u></b>
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Subd. 2. <b><u>Administration</u></b>		<u>-0-</u>		<u>84,000</u>
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\$46,000 in the second year is a base reduction to the administration program and the Office of Energy Security.

\$130,000 in the second year is a base increase for staffing to enhance unclaimed property compliance.

Subd. 3. <b><u>Market Assurance</u></b>		<u>(270,000)</u>		<u>(270,000)</u>
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This is a base reduction to the do not call program.

Subd. 4. <b><u>Energy and Telecommunications</u></b>		<u>(2,400,000)</u>		<u>(1,250,000)</u>
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\$200,000 in the first year is for the solar rebate program. Equipment used to heat hot water at a residential property for domestic use, not including equipment used for a hot tub or swimming pool, is eligible for the solar rebate program. This is a onetime appropriation and is available until spent.

Of the amounts appropriated from the special revenue fund in the second year to the commissioner of commerce for renewable energy research under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), \$500,000 must be used to support the algae-to-biofuels research project at the University of Minnesota and the Metropolitan Council.

Money appropriated from the special revenue fund for renewable energy research under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), may be used for a grant to a cellulosic ethanol facility using paper mill sludge.

Of the assessment amount authorized under Minnesota Statutes, section 216B.241, subdivision 1e, up to \$200,000 in the second year shall be used for the required report and activities of the Green Jobs Task Force

established in this article. This is a onetime appropriation.

Of the amounts appropriated in the second year to the commissioner of commerce from the special revenue fund for environmentally friendly automotive technology projects under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (4), up to \$200,000 is for the green economy report and the statewide action plan and other activities of the Green Jobs Task Force established in this article, of which no more than \$50,000 may be spent for the green economy report; \$100,000 is for the city of St. Paul for a site evaluation of the Ford manufacturing plant and for workforce development and skills assessment of the Ford employees; and \$250,000 is for activities and research for the Green Manufacturing Initiative by a statewide organization dedicated to furthering the green economy and its fiscal agent.

\$1,250,000 is a reduction from the fiscal year 2009 appropriation for E-85 cost share grants. The base for the grant program in fiscal year 2010 is \$1,000,000. The base for fiscal year 2011 is \$0.

\$2,600,000 is a reduction from the fiscal year 2008 appropriation for renewable hydrogen initiative grants.

#### Subd. 5. Transfers

##### (a) Insurance Fraud Prevention Account

Prior to July 31, 2008, the commissioner of finance shall transfer \$1,500,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

After June 15, 2009, and prior to June 30, 2009, the commissioner of finance shall transfer \$1,500,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

##### (b) Real Estate Education, Research and Recovery Fund

Prior to July 31, 2008, the commissioner of finance shall transfer \$850,000 from the unexpended balance of the real estate education, research and recovery fund established in Minnesota Statutes, section 82.43, to the general fund.

**(c) Consumer Education Account**

Prior to July 31, 2008, the commissioner of finance shall transfer \$100,000 from the unexpended balance of the consumer education account established under Minnesota Statutes, section 58.10, to the general fund.

**(d) Automobile Theft Prevention Account**

Prior to July 31, 2008, the commissioner of finance shall transfer \$230,000 from the unexpended balance of the automobile theft prevention account established in Minnesota Statutes, section 168A.40, to the general fund.

**(e) Assigned Risk Plan**

By June 30, 2009, the commissioner of finance shall transfer \$10,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Sec. 4. **PUBLIC UTILITIES COMMISSION**

Prior to July 31, 2008, the commissioner of finance shall transfer \$4,000,000 from the telephone assistance fund established in Minnesota Statutes, section 237.701, to the general fund.

Sec. 5. Minnesota Statutes 2007 Supplement, section 80A.65, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.54, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the administrator, the issuer shall submit an amended notice filing to the administrator under section 80A.50, together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the administrator as provided in this section and section 80A.50. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. ~~Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the administrator shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by the administrator in connection with these filings exceed \$25,600,000 in a fiscal year, the administrator shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the administrator in excess of \$25,600,000. No individual refund is required of amounts of \$100 or less for a fiscal year.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2007 Supplement, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2009~~ 2011;

(2) a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017.

Sec. 7. Minnesota Statutes 2006, section 216C.41, subdivision 4, is amended to read:

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

- (1) by a qualified hydroelectric facility after December 31, ~~2019~~ 2021;
- (2) by a qualified wind energy conversion facility after December 31, 2018; or
- (3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Sec. 8. Minnesota Statutes 2006, section 325E.313, is amended to read:

**325E.313 NO-CALL LIST.**

Subdivision 1. **Establishment of list.** The commissioner shall establish and maintain a list of telephone numbers of residential subscribers who object to receiving telephone solicitations. The commissioner may fulfill the requirements of this subdivision by contracting with an agent for the establishment and maintenance of the list. The list must be established by January 1, 2003.

Subd. 2. **Operation and maintenance of list.** (a) Each local exchange company must inform its residential subscribers of the opportunity to provide notification to the commissioner or its contractor that the subscriber objects to receiving telephone solicitations. The notification must be made in the manner prescribed by the commissioner.

(b) Any residential subscriber may contact the commissioner or the commissioner's agent and give notice, in the manner prescribed by the commissioner, that the subscriber objects to receiving telephone solicitations. The commissioner shall add the telephone number of any subscriber who gives notice of objection to the list maintained pursuant to subdivision 1 within 90 days of the date the notice is received.

~~(c) Any notice given by a subscriber under this subdivision shall be effective for four years unless revoked by the subscriber. Any subsequent notices given by the same subscriber related to a different telephone number are separate from the original notice.~~

~~(d)~~ (c) The commissioner shall allow consumers to give notice under this subdivision by mail or electronically.

~~(e)~~ (d) The commissioner shall establish the procedures by which a person wishing to make telephone solicitations may obtain access to the list. Those procedures shall, to the extent practicable, allow for access to paper or electronic copies of the list.

Subd. 3. **Use of federal list.** If, pursuant to United States Code, title 15, section 6102(a), the Federal Trade Commission establishes a national list of telephone numbers of subscribers who object to receiving telephone solicitations, the commissioner ~~shall include subscribers who live in Minnesota and are included in the national list in the list established under this section. The commissioner shall also transmit to the Federal Trade Commission the telephone numbers included on the no-call list established under this section and shall request that they be included in the national list~~ may consider the Federal Trade Commission as its agent for the establishment and maintenance of a list.

Sec. 9. Minnesota Statutes 2006, section 325E.314, is amended to read:

**325E.314 FEES; ACQUISITION AND USE OF LIST.**

~~(a) A person or entity desiring to make telephone solicitations shall pay a fee, payable to the commissioner, for access to, or for paper or electronic copies of, the list established under section 325E.313. The fee shall not exceed \$125 for each acquisition of the list. The fee shall not exceed \$90 in fiscal year 2004, and the fee shall not exceed \$75 in fiscal year 2005 and thereafter.~~

~~(b)~~ (a) A caller who makes a telephone solicitation to the telephone line of any residential subscriber must, at the time of the call, have obtained access to a current version of the list at least once in the 90 days prior to the call. A caller who complies with this requirement is not liable for any violation of section 325E.312 relating to a solicitation made to a subscriber during the first 30 days after the caller first obtained a copy of the list including that subscriber's telephone number that has not been superseded by a later list obtained by the caller that does not include the subscriber's telephone number.

~~(c)~~ (b) If the Federal Trade Commission establishes a national do-not-call list as described in section 325E.313, subdivision ~~3~~ 2, a person or entity who is required by law to obtain a copy of the national list ~~is not required to purchase or retain a copy of the list established by the commissioner, unless the Federal Trade Commission fails to incorporate the Minnesota names transmitted by the commissioner, may meet its requirement through proof of purchase of the Minnesota numbers from the federal list.~~

Sec. 10. Minnesota Statutes 2006, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Division of Insurance Fraud Prevention, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections' Fugitive Apprehension Unit, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

#### Sec. 11. **GREEN ECONOMY REPORT.**

(a) Each state agency, other than the Iron Range Resources and Rehabilitation Board or the Office of the Commissioner of Iron Range Resources and Rehabilitation, that administers a loan or grant program must assess those programs to determine their potential to advance or promote the growth of the green economy, as defined in Minnesota Statutes, section 116J.437. An agency must report on its determination to the commissioner of commerce by September 15, 2008.

(b) If a program is determined to have significant potential, the agency must develop a plan to integrate program elements appropriate to that program to advance or promote the growth of the green economy in this state. An agency must report on its plan to the commissioner of commerce by November 15, 2008.

(c) The commissioner of commerce, in consultation with the commissioner of employment and economic development, must develop guidelines to be followed by state agencies in complying with this section.

(d) By January 15, 2009, the commissioner of commerce, in consultation with the commissioner of employment and economic development, must submit a report containing the plans developed under paragraph (b), and any recommended implementing legislation, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over energy, environmental and economic development policy, and finance.

(e) The commissioner of commerce may contract for services to fulfill the commissioner's duties under this section.

#### Sec. 12. **GREEN JOBS TASK FORCE.**

Subdivision 1. **Task force.** (a) A Green Jobs Task Force is created to advise and assist the governor and legislature regarding activities to advance the state's economy, and to develop a statewide action plan as provided under subdivision 2. The task force shall be appointed no later than June 30, 2008, and consist of:

(1) three members of the house of representatives, including one member of the minority party appointed by the speaker;

(2) three members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority;

(3) seven representatives from state agencies and institutions appointed by the governor, including one member from the Office of Energy Security, one member from the Department of Employment and Economic Development, one member from the Job Skills Partnership Board, one member from the University of Minnesota, one member from Minnesota State Colleges and Universities, one member from the Pollution Control Agency, and one member from the Department of Natural Resources;

(4) three public members appointed by the governor, including one member representing the manufacturing industry, one member representing a statewide organization dedicated to commerce, and one member representing the Agricultural Utilization Research Institute;

(5) four public members appointed by the speaker of the house of representatives, including one member representing labor, one member representing a statewide environmental organization, one member representing financial institutions or venture capital, and one member from a local economic development authority from greater Minnesota; and

(6) four public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, including one member from a local economic development authority from the metropolitan area, one member from a statewide organization dedicated to furthering the green economy, one member from a firm currently engaged in green manufacturing, and one local workforce development representative from an area that has experienced significant manufacturing job loss.

(b) The commissioner of commerce, in cooperation with the commissioner of employment and economic development, shall provide staff support to the task force. The task force may accept outside resources to help support its efforts.

(c) Each of the legislative appointing authorities must name a cochair of the task force from the legislative members appointed by that authority.

(d) Public members of the task force must be compensated as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 2. **Duties.** (a) By January 15, 2009, the task force shall develop and present to the legislature under Minnesota Statutes, section 3.195, and to the governor a statewide action plan to optimize the growth of the green economy. For the purpose of this section, "green economy" has the meaning given it by new Minnesota Statutes, section 116J.437, if enacted.

(b) The plan must include necessary draft legislation and budget requests and may include administrative actions of governmental entities, collaborative actions, and actions of individuals and individual organizations. The plan must be developed following the analysis described in this paragraph and must be based on the analysis. The analysis must include:

(1) a market analysis of the business opportunities and needs created by the laws enumerated in paragraph (a), including local, state, national, and international markets;

(2) an analysis of the labor force needs related to the market analysis opportunities identified in clause (1), including educational, training, and retraining needs; and

(3) an inventory of the current labor and business assets available to respond to the opportunities identified in clause (1) and the labor needs identified in clause (2).

The task force shall contract for the analysis required by this paragraph.

Subd. 3. **Expiration.** The task force expires June 30, 2009.

**ARTICLE 7**  
**AGRICULTURE**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>		<u>2009</u>	<u>Total</u>
<u>General</u>	\$	<u>(200,000)</u>	\$	<u>388,000</u>
				<u>188,000</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. <b><u>AGRICULTURE</u></b>	<b><u>\$</u></b>	<b><u>(200,000)</u></b>	<b><u>\$</u></b>	<b><u>388,000</u></b>
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\$302,000 is a reduction in 2009. The commissioner shall make a reduction of \$100,000 from agricultural marketing, \$100,000 shall come from efficiencies gained by the merger of the Agriculture Resources Management and Development Division and the Agriculture Finance Division, and the remainder shall come from a reduction in administrative services in Saint Paul.

\$1,000,000 in 2009 is for the livestock investment grant program in new Minnesota Statutes, section 17.118, if enacted. The commissioner may use up to 4-1/2 percent

of this appropriation for costs incurred to administer the program. This is a onetime appropriation and is available until spent.

The \$200,000 appropriation in Laws 2007, chapter 45, article 1, section 3, subdivision 4, for a grant to the Elk River Economic Development Authority for a bioenergy project is canceled to the general fund.

\$310,000 is a reduction in 2009 of the appropriation for ethanol producer payments in Laws 2007, chapter 45, article 1, section 3, subdivision 4. This reduction is onetime.

By January 15, 2009, the commissioner shall report to the house and senate committees with jurisdiction over agriculture finance a proposal for paying unpaid claimants of an entity no longer producing ethanol on a commercial scale at the location for which it qualified for producer payments.

#### Sec. 4. **BOARD OF ANIMAL HEALTH.**

Notwithstanding Minnesota Statutes, section 35.085, the Board of Animal Health shall make a onetime grant of up to \$12,000 to a beef cattle producer from the \$100,000 appropriation for reimbursements in Laws 2007, chapter 45, article 1, section 4. The eligible beef cattle producer is located outside of a bovine tuberculosis containment area and purchased certified tuberculosis-free cattle yet sustained financial losses beyond the producer's control due to restrictions imposed by the Board of Animal Health that effectively denied the producer the ability to sell the tuberculosis-free cattle during favorable market conditions.

Sec. 5. Minnesota Statutes 2006, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by

the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during

the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments, or to an assignee of the entity.

(i) The commissioner may make direct payments to producers of rural economic infrastructure with any amount of the annual appropriation for ethanol producer payments and rural economic infrastructure that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

Sec. 6. Laws 2007, chapter 45, article 1, section 3, subdivision 4, is amended to read:

**Subd. 4. Bioenergy and Value-Added  
Agricultural Products**

19,918,000

15,168,000

\$15,168,000 the first year and \$15,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

\$3,000,000 the first year is for grants to bioenergy projects. The NextGen Energy Board shall make recommendations to the commissioner on grants for owners of

Minnesota facilities producing bioenergy, organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems, or certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic material via gasification or other processes. The board must give priority to a bioenergy facility that is at least 60 percent owned and controlled by farmers, as defined in Minnesota Statutes, section 500.24, subdivision 2, paragraph (n), or natural persons residing in the county or counties contiguous to where the facility is located. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy production or ~~\$500,000~~ \$1,000,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good faith effort to select projects that have merit and when taken together represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer certification on the technology and fuel source. Grantees shall provide reports at the request of the commissioner and must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable. No later than February 1, 2009, the commissioner shall report on the projects funded under this appropriation to the house and senate committees with jurisdiction over agriculture finance. The commissioner's costs in administering the program may be paid from the appropriation.

\$350,000 the first year is for grants to the Minnesota Institute for Sustainable Agriculture at the University of Minnesota

to provide funds for on-station and on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems including, but not limited to, multiple species selection and establishment, ecological management between planting and harvest, harvest technologies, financial and agronomic risk management, farmer goal setting and adoption of technologies, integration of wildlife habitat into management approaches, evaluation of carbon and other benefits, and robust policies needed to induce farmer conversion on marginal lands.\* **(The preceding text beginning "\$350,000 the first year" was indicated as vetoed by the governor.)**

\$200,000 the first year is for a grant to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to a joint venture combined heat and power energy facility located in Scott or LeSueur County for the creation of a centrally located biomass fuel supply depot with the capability of unloading, processing, testing, scaling, and storing renewable biomass fuels. The grant must be matched by at least \$3 of nonstate funds for every \$1 of state funds. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is

a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the Bois Forte Band of Chippewa for a feasibility study of a renewable energy biofuels demonstration facility on the Bois Forte Reservation in St. Louis and Koochiching Counties. The grant shall be used by the Bois Forte Band to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility on Bois Forte Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the White Earth Band of Chippewa for a feasibility study of a renewable energy biofuels production, research, and production facility on the White Earth Reservation in Mahnommen County. The grant must be used by the White Earth Band and the University of Minnesota to conduct a detailed feasibility study of the economic and technical viability of (1) developing a multistream renewable energy biofuels demonstration facility on White Earth Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy, and (2) developing, harvesting, and marketing native prairie plants and seeds for bioenergy production. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to the Elk River Economic Development Authority for upfront engineering and a feasibility study of the Elk River renewable fuels facility. The facility must use a plasma gasification process to convert primarily cellulosic material, but may also use plastics and other components from municipal solid waste, as feedstock for the production of methanol for use in biodiesel production facilities. Any unencumbered balance in fiscal year 2008 does not cancel but is available for fiscal year 2009. Notwithstanding Minnesota Statutes, section 16A.285, the agency must not transfer this appropriation. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to Chisago County to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility in Chisago, Isanti, or Pine County to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. Chisago County may expend funds to Isanti and Pine Counties and the University of Minnesota for any costs incurred as part of the study. The feasibility study must consider the capacity of: (1) the seed bank at Wild River State Park to expand the existing prairie grass, woody biomass, and cellulosic material resources in Chisago, Isanti, and Pine Counties; (2) willing and interested landowners in Chisago, Isanti, and Pine Counties to grow cellulosic materials; and (3) the Minnesota Conservation Corps, the sentence to serve program, and other existing workforce programs in east central Minnesota to contribute labor to these efforts. The grant recipient must actively participate in the Agricultural Utilization Research

Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**ARTICLE 8  
VETERANS AFFAIRS**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>		<u>2009</u>		<u>Total</u>
General	\$	-0-	\$	4,145,000	\$ 4,145,000
Special Revenue		-0-		(338,000)	(338,000)

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, article 2, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>3,807,000</u></b>
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The appropriation additions or reductions for each purpose are shown in the following paragraphs.

\$500,000 in 2009 is added to the base for grants to counties for veterans service offices as provided under Laws 2007, chapter 45, article 2, section 1, paragraph (b). This is a onetime appropriation.

\$2,500,000 in 2009 is for state soldiers assistance under Minnesota Statutes, section 197.05. Of this amount, \$1,500,000 is added to the base for this activity. This appropriation is available until spent. The appropriation for state soldiers assistance for 2009 in Laws 2007, chapter 45, article 2, section 1, is available in 2008 if the appropriation for 2008 is insufficient.

\$500,000 in 2009 is for casework services for veterans. The commissioner, in consultation with the Department of Administration, shall use the request for proposal process in Minnesota Statutes, chapter 16C, to solicit bids for the provision of these services. The casework services provided should be community-based, available statewide, and include in-home counseling.

\$220,000 in 2009 is added to the base for operations of the LinkVET telephone line service for veterans.

For purposes of efficiency, the commissioner must combine the services available through the toll-free higher education call center for veterans with those available through LinkVET.

\$250,000 in 2009 is for a grant to the Minnesota Assistance Council for Veterans for their work in helping veterans and their families affected by homelessness.

\$250,000 in 2009 is for the Veterans Claims Office for outreach and training to improve services and benefits to veterans. This appropriation includes money to add veterans service officer/coordinator positions, including one to assist female veterans.

\$25,000 in 2009 is to develop a pilot program for peer-to-peer counseling among combat veterans. This is a onetime appropriation.

\$338,000 is a reduction in 2009 from the special revenue fund appropriation from the

account established in Minnesota Statutes, section 190.19.

\$200,000 in 2009 is a onetime appropriation for:

(1) an intergovernmental and veterans strategic planning study for the Minnesota veterans homes, with special emphasis on exploring alternative models for the Minneapolis veterans home;

(2) a study of the feasibility of partnering for home-based services for veterans with nongovernmental, nonprofit, or faith-based social service and health care delivery organizations, as a means of enabling veterans to live more independently, as an alternative to the projected sharply increasing needs for domiciliary and skilled nursing beds in state veterans homes. This is a onetime appropriation; and

(3) designing a treatment program for veterans with traumatic brain injuries within the state veterans homes.

\$300,000 is a reduction in 2009 for the Veterans Homes Board. The base appropriation for fiscal years 2010 and 2011 is reduced by \$300,000 in each year. This reduction is made possible by the enhanced efficiency in administration of the homes associated with the transfer of governing authority from the Veterans Homes Board to the commissioner of veterans affairs.

#### **Subd. 2. Report to the Legislature**

By January 15, 2009, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over veterans affairs policy and finance regarding activities and expenditures in programs receiving an appropriation in this article.

Sec. 4. Minnesota Statutes 2006, section 168.1255, is amended by adding a subdivision to read:

Subd. 6. **World War II memorial donation match account.** Money remaining in the World War II memorial donation match account after the state share of the

construction costs of the World War II memorial has been paid in full is appropriated to the commissioner of veterans affairs for services and programs for veterans and their families.

Sec. 5. Minnesota Statutes 2006, section 190.19, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota "Support Our Troops" account is established in the special revenue fund. The account shall consist of contributions from private sources and appropriations. Money in the account is appropriated in equal shares to the Department of Military Affairs and the Department of Veterans Affairs.

**EFFECTIVE DATE.** Notwithstanding Laws 2007, chapter 45, article 2, section 1, and article 3, section 2, subdivision 3, this section is effective for distribution of the Minnesota "Support Our Troops" account the day following final enactment.

Sec. 6. Minnesota Statutes 2006, section 190.19, is amended by adding a subdivision to read:

Subd. 2a. **Uses; veterans.** Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations; and
- (2) outreach to underserved veterans.

Sec. 7. Laws 2007, chapter 144, article 1, section 7, is amended to read:

**Sec. 7. DEPARTMENT OF VETERANS AFFAIRS.**

**\$ 6,000,000 \$ 6,000,000**

For grants to eligible veterans or the eligible spouses and children of veterans as provided under Minnesota Statutes, section 197.791. If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Of this appropriation, no more than ~~three percent~~ \$100,000 each year may be used for the administrative costs of operating this program.

On June 1, 2009, the commissioner of finance must determine the amount needed to fully fund the grant program under Minnesota Statutes, section 197.791, and must adjust the appropriations in this section to the amount needed to provide grants for all eligible veterans.



\$338,000 is a reduction in 2009 from the special revenue fund appropriation from the account established in Minnesota Statutes, section 190.19.

Sec. 4. Minnesota Statutes 2007 Supplement, section 190.19, subdivision 2, is amended to read:

Subd. 2. **Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account to the Department of Military Affairs may be used for:

(1) grants directly to eligible individuals;

(2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section; ~~or~~

(3) veterans' services; or

(4) grants to family readiness groups chartered by the adjutant general.

(b) As used in paragraph (a), the term "eligible individual" includes any person who is:

(1) a member of the Minnesota National Guard or a reserve unit based in Minnesota who has been called to active service as defined in section 190.05, subdivision 5;

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs directly related to that service; and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed \$2,000.

Sec. 5. Minnesota Statutes 2006, section 190.25, subdivision 3, is amended to read:

Subd. 3. **Sale; use of funds.** The adjutant general is authorized to sell in the manner provided by law any or all

(1) land, and

(2) ~~timber~~, growing crops, buildings, and other improvements, if any, situated upon the land, acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley Military Field Training Center and not needed for military training purposes. The proceeds of any sales shall be deposited in the general fund.

The adjutant general may use funds that are directly appropriated for the acquisition of land, the payment of expenses of forest management on land forming the Camp Ripley Military Reservation, and the provision of an Enlisted Person's Service Center. If amounts that are directly appropriated for these purposes in either year of a biennium are insufficient, the appropriation for the other year of the biennium is available.

Sec. 6. Minnesota Statutes 2006, section 190.25, is amended by adding a subdivision to read:

Subd. 3a. **Timber sales; use of funds.** The adjutant general is authorized to sell in the manner provided by law any or all timber on land acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley Military Field Training Center. The proceeds of any sales of timber under this subdivision must be deposited in an account in the special revenue fund and are appropriated to the adjutant general to be used to manage the timber resources of Camp Ripley in a manner consistent with the camp's purpose as lands for training armed forces.

Sec. 7. **[192.341] STATE ENHANCED EMPLOYER SUPPORT OF GUARD AND RESERVE (ESGR) PROGRAM.**

The adjutant general is authorized to establish and administer a state enhancement to the federal Employer Support of Guard and Reserve (ESGR) Program. The adjutant general shall develop policy and guidelines for the administration of the program established under this section.

Sec. 8. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 1c. **Medic recertification bonus program.** (a) The adjutant general may establish a program to provide a recertification bonus to eligible members of the Minnesota National Guard who recertify as emergency medical technicians (EMTs) in the National Guard within the limitations of this subdivision. The bonus payments are intended to generally encourage a member's continuing certification as an EMT.

(b) Eligibility for the recertification bonus is limited to a member of the National Guard who:

(1) is serving satisfactorily as determined by the adjutant general; and

(2) has successfully completed the training required for recertification and warrants the payment of a bonus.

(c) The adjutant general may, within the limitations of this subdivision and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(d) Payments under this subdivision must be made on a schedule that is determined and published in department regulations by the adjutant general.

Sec. 9. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 2a. **Usage of tuition and textbook reimbursement grant program by spouse permitted.** (a) Notwithstanding the eligibility limitations of subdivision 2, paragraph (b), the spouse of a person eligible under subdivision 2, paragraph (b), is eligible to use up to 12 semester hours per year, or the equivalent amount of quarter credits, of that eligible person's unused tuition reimbursement benefit for each year of service in the Minnesota National Guard after the eighth year of such service.

(b) Total benefits under this subdivision cannot exceed the total unused portion of the service member's benefit. A service member's and spouse's eligibility for tuition reimbursement under this subdivision is limited by the provisions of subdivision 2, paragraph (g).

Sec. 10. **STARBASE STUDY.**

The appropriation in Laws 2007, chapter 45, article 3, section 2, subdivision 3, for a longitudinal study measuring improvement in academic achievement as a result of participation in the Starbase program is available until June 30, 2009. The Department of Military Affairs must contract with the Wilder Foundation to conduct the study.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 11. **NATIONAL GUARD YOUTH CHALLENGE PROGRAM STUDY.**

The adjutant general and the Department of Military Affairs shall study participation by the Minnesota National Guard in the National Guard Youth Challenge Program promoted by the National Guard Youth Foundation. The adjutant general shall report on the study and make recommendations to the governor and the committees of the senate and the house of representatives with jurisdiction over National Guard programs by January 15, 2009. The study must include:

- (1) possible locations for the Minnesota National Guard Youth Challenge Program;
- (2) estimated start-up costs for the program;
- (3) application and establishment procedures and resources required to apply for and establish the program; and
- (4) a survey of similar programs established in other states and how each state comes up with the state match required to obtain federal funds.

**ARTICLE 10**  
**ECONOMIC DEVELOPMENT**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2008</u>		<u>2009</u>		<u>Total</u>
<u>General</u>	\$	<u>(2,425,000)</u>	\$	<u>1,512,000</u>	\$	<u>(913,000)</u>

Sec. 2. **APPROPRIATIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 135, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

<u>Subdivision 1. <b>Total Appropriation</b></u>	\$	<u>(3,000,000)</u>	\$	<u>445,000</u>
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. <b>Employment and Economic Development</b></u>		<u>-0-</u>		<u>(550,000)</u>
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This is an ongoing base reduction to the department's operating budget. This reduction must not result in layoffs.

<u>Subd. 3. <b>Business and Community Development</b></u>		<u>(3,000,000)</u>		<u>800,000</u>
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(a) \$400,000 in the second year is for the establishment and operation of the Office of Science and Technology. This is a onetime appropriation and is available until expended.

(b) \$400,000 in the second year is a onetime appropriation for transfer to the revolving loan account created in Minnesota Statutes, section 116J.996, subdivision 3, for the military reservist economic injury loan program, resulting from a call to active military duty.

**Subd. 4. Workforce Development**

-0-

195,000

(a) \$120,000 in the second year is for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. This is a onetime appropriation.

(b) \$75,000 in the second year is for a grant to Lifetrack Resources for a onetime pilot project in Rochester focusing on immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This is a onetime appropriation and is available until expended.

**Subd. 5. Cancellations**

By July 31, 2008, the commissioner of finance shall cancel the unencumbered balance of the appropriation in Laws 2005, First Special Session chapter 3, article 10, section 23, to the foreign trade zone authority, estimated to be \$608,000, to the general fund.

By July 31, 2008, the commissioner of finance shall cancel \$2,000,000 of the balance in the job skills partnership account to the general fund.

**Subd. 6. Transfers In**

By July 31, 2008, the commissioner of finance shall transfer the unencumbered balance of the appropriation in Laws 2005, First Special Session chapter 1,

article 3, section 2, subdivision 2, for the methamphetamine laboratory cleanup revolving loan account in the public facilities authority fund, estimated to be \$150,000, to the general fund.

By July 31, 2008, the commissioner of finance shall transfer \$8,000,000 of the unencumbered balance in the workforce development fund to the general fund.

**Subd. 7. Minnesota Minerals 21st Century Fund**

Notwithstanding Minnesota Statutes, section 116J.423, by June 30, 2009, the commissioner shall make a \$1,000,000 grant and a \$1,000,000 loan from the Minnesota Minerals 21st Century Fund to Magnetation, Inc. for reclamation of iron ore.

**Sec. 4. LABOR AND INDUSTRY**

<b><u>Subdivision 1. Base Reduction</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>(43,000)</u></b>
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\$43,000 in the second year is a base reduction. The commissioner must not reduce funding available for prevailing wage enforcement and must fill all positions when vacancies become available.

**Subd. 2. Transfers In**

By June 30, 2009, the commissioner of finance shall transfer \$2,000,000 from the construction code fund under Minnesota Statutes, section 326B.04, to the general fund.

<b><u>Sec. 5. BUREAU OF MEDIATION SERVICES</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>(69,000)</u></b>
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This is a base reduction.

<b><u>Sec. 6. EXPLORE MINNESOTA TOURISM</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>1,299,000</u></b>
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(a) \$1,299,000 is for a grant to the Minnesota Film and TV Board for the jobs production program under Minnesota Statutes, section 116U.26. This is a onetime appropriation and is in addition to any other appropriation for



(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to \$20,000 per borrower to eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee. Loans must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated for the purpose to establish a revolving loan account. All repayments of loans made under this section must be deposited into this account. Interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury loans.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2006, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. A portion of a grant may be used for preemployment training.

(c) Each institution must provide for the dissemination of summary results of a grant-funded project, including, but not limited to, information about curriculum and all supporting materials developed in conjunction with the grant. Results of projects developed by any Minnesota State Colleges and Universities system institution must be disseminated throughout the system.

Sec. 12. Minnesota Statutes 2006, section 116L.05, subdivision 3, is amended to read:

Subd. 3. **Use of funds.** The Job Skills Partnership Board may use up to six percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2. The board may also use a portion of these funds to collect and disseminate information on the activities under section 116L.04, subdivision 2. The board must plan for the statewide dissemination of the results, curriculum, and supporting materials of these grant-funded projects.

Sec. 13. Minnesota Statutes 2006, section 116L.05, subdivision 5, is amended to read:

Subd. 5. **Use of workforce development funds.** After March 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.04, ~~116L.06,~~ and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and finance, and to the public.

Sec. 14. Minnesota Statutes 2006, section 116L.16, is amended to read:

**116L.16 DISTANCE-WORK GRANTS.**

The Job Skills Partnership Board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering

in the development of rural technology industry. Grants may be used to identify and train rural workers in technology, act as a catalyst to bring together employers and rural employees to perform distance work, and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to sections 116L.02 and 116L.04, except that:

(1) the business match may include, but is not limited to, office space; additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;

(2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; and

~~(4) grants-in-aid may be packaged with loans under section 116L.06, subdivision 6, and~~

~~(5) with respect to grants serving as a catalyst to bring together employers and rural employees to perform distance work, the match must be at least one-to-two.~~

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 15. Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) has been permanently separated from employment in a restaurant, bar, or lawful gambling organization from October 1, 2007, to October 1, 2009, due to the implementation of any state law prohibiting smoking; or

(6) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran; or

~~(6)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2006, section 116L.20, subdivision 2, is amended to read:

Subd. 2. **Disbursement of special assessment funds.** (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) All money in the fund not otherwise appropriated or transferred is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in paragraph (d). The board must act as the fiscal agent for the money and must disburse that money for the purposes of section 116L.17, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

(d) If the board determines that the conditions of section 116L.05, subdivision 5, have been met, the board may use funds for the purposes outlined in sections 116L.04; ~~116L.06~~; and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18.

Sec. 17. Minnesota Statutes 2006, section 116U.26, is amended to read:

**116U.26 FILM JOBS PRODUCTION PROGRAM.**

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the director of Explore Minnesota Tourism. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; or

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a ~~movie~~ feature film, television or Internet show, documentary, music video, or television commercial, whether on film ~~or~~ video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of up to 20 percent of film production costs for films that incur production costs in excess of \$5,000,000 in Minnesota within a 12-month period.

**EFFECTIVE DATE.** This section is effective for films that are certified by the Minnesota Film and TV Board on or after the day following final enactment.

Sec. 18. Minnesota Statutes 2006, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, paragraph (c). The Iron Range Resources and Rehabilitation Board with a majority vote of the members, may waive the requirements of this paragraph.

(c) Upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board, ~~this~~ the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

**EFFECTIVE DATE.** This section is effective for distributions beginning in 2009.

Sec. 19. Minnesota Statutes 2006, section 298.28, subdivision 9d, as added by Laws 2008, chapter 154, article 8, section 9, is amended to read:

Subd. 9d. **Iron Range higher education account.** ~~Two~~ Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214 and the Iron Range Resources and Rehabilitation Board must approve all expenditures from the account.

Sec. 20. Minnesota Statutes 2006, section 298.292, subdivision 2, as amended by Laws 2008, chapter 154, article 8, section 11, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith

and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner upon approval by a majority vote of the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 21. Minnesota Statutes 2006, section 298.2961, subdivision 2, is amended to read:

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant; ~~or~~

~~(3) haulage trucks and equipment and mining shovels.~~

(b) To be proposed by the board, a project must be approved by at least eight Iron Range Resources and Rehabilitation Board members. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

(c) The board may require that it receive an equity percentage in any project to which it contributes under this section.

Sec. 22. Minnesota Statutes 2006, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed \$1,500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued, and excluding any bonds issued for the credit enhanced bond program or refunding or crossover refunding bonds issued under the program. The principal amount of bonds issued and outstanding under section 446A.087, may not exceed \$500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 23. Minnesota Statutes 2006, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. **Debt ceiling.** The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~\$3,000,000,000~~ \$5,000,000,000.

Sec. 24. Laws 1999, chapter 223, article 2, section 72, is amended to read:

**Sec. 72. UPPER RED LAKE BUSINESS LOAN PROGRAM.**

The commissioner of trade and economic development must make loans to businesses in the Upper Red Lake area that have been severely affected by the significant decline of the walleye fishing resource in Upper Red Lake. The loans may only be made to businesses that operated in 1998. A business must submit an application to the commissioner on forms provided by the commissioner. The application must include a business plan for continued operation, with the assistance of the loan, until the walleye fishing resource recovers. The commissioner shall allocate available loan funds to a business based on the commissioner's evaluation of the probable success of its business plan. A loan shall be for a maximum amount of \$75,000 and a duration of ten years from the date of the loan and shall be interest free. Repayment of a loan in monthly payments of 1/120 of the original principal amount must begin no later than one year after walleye fishing on Upper Red Lake is ~~allowed by the department of natural resources~~ recovered to a bag limit of six. Any principal balance remaining at the end of the ten-year period shall be forgiven if the business continues in operation for the ten-year period. Loan repayments shall be deposited in the general fund.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 25. Laws 2007, chapter 135, article 1, section 3, subdivision 2, is amended to read:

**Subd. 2. Business and Community Development**

40,667,000

8,639,000

## Appropriations by Fund

General	39,967,000	7,939,000
Remediation	700,000	700,000

(a) (1) \$250,000 the first year and \$250,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any unencumbered balance in the first year is available for the second year.

(b) \$250,000 the first year and \$250,000 the second year are from the general fund for a grant to WomenVenture for women's business development programs.

(c) \$250,000 the first year is for a grant to University Enterprise Laboratories (UEL) for its direct and indirect expenses to support efforts to encourage the growth of early-stage and emerging bioscience companies. UEL must provide a report by June 30 each year to the commissioner on the expenditures until the appropriation is expended. This is a onetime appropriation and is available until expended.

(d) \$2,000,000 the first year is for grants under Minnesota Statutes, section 116J.571, for the redevelopment grant program. This is a onetime appropriation.

(e) \$100,000 the first year and \$100,000 the second year are to help small businesses access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2008.

(f) \$100,000 the first year and \$100,000 the second year are appropriated to the Public Facilities Authority for the small community wastewater treatment program under Minnesota Statutes, chapter 446A.

(g) \$255,000 the first year and \$155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

(h) \$85,000 the first year and \$85,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, \$10,000 each year is for the Student Inventors Congress.

(i) \$151,000 the first year is for a onetime grant to the city of Faribault to design, construct, furnish, and equip renovations to accommodate handicapped accessibility at the Paradise Center for the Arts.

(j) \$750,000 the first year is to Minnesota Technology, Inc. for the small business growth acceleration program established under Minnesota Statutes, section 116O.115. This is a onetime appropriation.\_\_\_\_\_ This

appropriation does not cancel, but is available until June 30, 2011.

(k) \$300,000 the first year is for a onetime grant to the city of Northome for the construction of a new municipal building to replace the structures damaged by fire on July 22, 2006. This appropriation is available when the commissioner determines that a sufficient match is available from nonstate sources to complete the project.

(l) \$300,000 the first year is for a grant to the city of Worthington for an agricultural-based bioscience training and testing center. Funds appropriated under this section must be used to provide a training and testing facility for incubator firms developing new agricultural processes and products. This is a onetime appropriation and is available until expended.

(m) \$1,750,000 the first year is for a onetime grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used for:

(1) completion and periodic updating of a statewide bioscience business industry assessment of business technology enterprises and Minnesota's competitive position employing annual updates to federal industry classification data;

(2) long-term strategic planning that includes projections of market changes resulting from developments in biotechnology and the development of 20-year goals, strategies, and identified objectives for renewable energy, medical devices, biopharma, and biologics business development in Minnesota;

(3) the design and construction of a Minnesota focused bioscience business model to test competing strategies and scenarios, evaluate options, and forecast outcomes; and

(4) creation of a bioscience business resources network that includes development of a statewide bioscience business economic development framework to encourage

bioscience business development and encourage spin-off activities, attract bioscience business location or expansion in Minnesota, and establish a local capability to support strategic system level planning for industry, government, and academia.

This appropriation is available until June 30, 2009.

(n) \$125,000 the first year is to develop and operate a bioscience business marketing program to market Minnesota bioscience businesses and business opportunities to other states and other countries. The bioscience business marketing program must emphasize bioscience business location and expansion opportunities in communities outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, that have established collaborative plans among two or more municipal units for bioscience business activities, and that are within 15 miles of a four-year, baccalaureate degree granting institution or a two-year technical or community college that offers bioscience curricula. The commissioner must report to the committees of the senate and house of representatives having jurisdiction over bioscience and technology issues by February 1 of each year on the expenditures of these funds and the promotional activities undertaken to market the Minnesota bioscience industry to persons outside of the state. This is a onetime appropriation and is available until expended.

(o) \$325,000 is for a grant to the Walker Area Community Center, Inc., to construct, furnish, and equip the Walker Area Community Center. This appropriation is not available until the commissioner has determined that an amount sufficient to complete the project has been committed from nonstate sources. This is a onetime appropriation and is available until expended.

(p) \$100,000 the first year is for a grant to the Pine Island Economic Development Authority for predesign to upgrade and extend utilities to serve Elk Run Bioscience

Research Park and The Falls - Healthy Living By Nature, an integrated medicine facility. This is a onetime appropriation and is available until expended.

(q) \$350,000 the first year is for a grant to Thomson Township for infrastructure improvements for the industrial park. This is a onetime appropriation and is available until expended.

(r) \$75,000 the first year is for a grant to Le Sueur County for the cost of cleaning up debris from lakes in Le Sueur County, caused by the August 24, 2006, tornado in southern Le Sueur County. This is a onetime appropriation and is available until expended.

(s) \$400,000 the first year is for a grant to the city of Rogers to be used for relief from damages caused by the September 16, 2006, tornado.

(t) \$75,000 the first year is for a grant to the city of Warroad for new public facilities to replace those damaged or destroyed by the August 2006 tornado, including approximately 28 new street lights and underground electrical circuits and a new fish cleaning house. This is a onetime appropriation and is available until expended. If an appropriation for this purpose is enacted more than once in the 2007 session, the appropriation is effective only once.

(u) \$500,000 the first year is for a grant to the Upper Sioux Community to improve the current water system to ensure continuity of service to the entire population of the community and to meet the demands of the community expansion over the next 20 years. This is a onetime appropriation and is not available until the Public Facilities Authority has determined that at least \$1,000,000 has been committed from nonstate sources. This appropriation is available until expended.

**\* (The preceding text beginning "(u) \$500,000 the first year is for" was indicated as vetoed by the governor.)**

(v) \$755,000 the first year is for the urban challenge grant program under Minnesota

Statutes, section 116M.18. This is a onetime appropriation.

(w) \$1,100,000 is for a grant to the Neighborhood Development Center for assistance necessary to retain minority business enterprises at the Global Market. This is a onetime appropriation and is available until expended.

(x) \$350,000 the first year is for a onetime grant to the city of Inver Grove Heights to reduce debt on the Inver Grove Heights Veterans Memorial Community Center.  
**\* (The preceding text beginning "(x) \$350,000 the first year is for" was indicated as vetoed by the governor.)**

(y) \$14,900,000 the first year is for the Minnesota minerals 21st century fund created in Minnesota Statutes, section 116J.423, to partially restore the money unallotted by the commissioner of finance in 2003 pursuant to Minnesota Statutes, section 16A.152. This appropriation may be used as provided in Minnesota Statutes, section 116J.423, subdivision 2. This appropriation is available until expended.

(z) \$2,500,000 the first year is for a grant to the city of St. Paul to be used to pay, redeem, or refund debt service costs incurred for the River Centre Campus.  
**\* (The preceding text beginning "(z) \$2,500,000 the first year is for" was indicated as vetoed by the governor.)**

(aa) \$147,000 each year is appropriated from the general fund to the commissioner of employment and economic development for grants of \$49,000 to eligible organizations each year and for the purposes of this paragraph. Each state grant dollar must be matched with \$1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year. The base for these grants in fiscal years 2010 and 2011 is \$189,000 each year, with each eligible organization receiving a \$63,000 grant each year.

The commissioner of employment and economic development must make grants to

organizations to assist in the development of entrepreneurs and small businesses. Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

(bb) ~~\$5,000,000~~ \$2,000,000 the first year is for grants under Minnesota Statutes, section 116J.8731, for the Minnesota investment fund program. Of this amount, ~~up to \$3,000,000~~ may be used for a legal reference office and data center facility, provided that the total capital investment in the facility is at least ~~\$60,000,000~~. ~~This grant is not subject to grant limitations under Minnesota Statutes, section 116J.8731, subdivision 5~~ \$1,000,000 must be used for the biomass heating grants and loans pilot project. This is a onetime appropriation and is available in either year of the biennium.

Sec. 26. Laws 2007, chapter 135, article 1, section 3, subdivision 3, is amended to read:

<b>Subd. 3. Workforce Development</b>	50,024,000	49,833,000
Appropriations by Fund		
General	33,529,000	33,338,000
Workforce Development	16,495,000	16,495,000

(a) \$6,785,000 the first year and \$6,785,000 the second year are from the general fund for the Minnesota job skills partnership

program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. This appropriation does not cancel.

(b) \$455,000 the first year and \$455,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

(c) \$1,375,000 each year is from the workforce development fund for Opportunities Industrialization Center programs.

(d) \$5,614,000 each year is from the general fund and \$6,920,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this, \$125,000 each year and in the base for fiscal years 2010 and 2011 is to supplement funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045. The commissioner shall not reduce total expenditures from these appropriations.

(e) \$1,650,000 the first year and \$1,650,000 the second year are from the general fund for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$77,000 each year may be used for administrative and salary expenses.

(f) \$2,440,000 the first year and \$2,440,000 the second year are from the general fund for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. The base for this program is \$2,440,000 each year in fiscal years 2010 and 2011. Money not expended the first year is available the second year.

The commissioner must:

(1) transfer \$115,000 of federal independent living Part B rehabilitation services funds

to the Minnesota Centers for Independent Living each year contingent upon the availability of federal funds under Title VII, Part B, of the Federal Rehabilitation Act of 1973 as amended under United States Code, title 29, section 711(c), and approved by the Statewide Independent Living Council;

(2) replace federal Part B funds in the State Independent Living Council budget transferred under clause (1) with \$115,000 of Social Security Administration program income funds each year; and

(3) provide an additional \$185,000 each year from the Social Security Administration program income to the Minnesota Centers for Independent Living to be allocated equally among the eight centers.

Additional funding for centers for independent living under clauses (1) and (3) must be used for core independent living services by the Centers for Independent Living. The Statewide Independent Living Council framework for statewide distribution of state and federal funding to the Minnesota Centers for Independent Living does not apply to the funds under clauses (1) and (3). The commissioner must report on the transfers in clauses (1), (2), and (3), and any other effort to pursue additional funding for the Centers for Independent Living to the standing committees of the senate and house of representatives having jurisdiction over Centers for Independent Living by March 15 each year.

(g) \$5,940,000 the first year and \$5,940,000 the second year are from the general fund for state services for the blind activities.

(h) \$150,000 the first year and \$150,000 the second year are from the general fund and \$175,000 the first year and \$175,000 the second year are from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year.

(i) \$9,021,000 the first year and \$9,021,000 the second year are from the general fund for the state's vocational rehabilitation program for people with significant disabilities to assist with employment, under Minnesota Statutes, chapter 268A.

(j) \$350,000 the first year and \$350,000 the second year are from the workforce development fund for grants to provide interpreters for a regional transition program that specializes in providing culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deaf-blind students. This amount must be added to the department's base.

(k) \$150,000 the first year and \$150,000 the second year are for a grant to Advocating Change Together for training, technical assistance, and resources materials to persons with developmental and mental illness disabilities.

(l) \$250,000 the first year and \$250,000 the second year are from the workforce development fund and \$150,000 the first year and \$100,000 the second year are from the general fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. \$50,000 of the first year general fund appropriation is for a onetime pilot Lifetrack project in Rochester.

(m) \$75,000 the first year and \$75,000 the second year are from the general fund and \$1,000,000 the first year and \$1,000,000 the second year are from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. This appropriation may be used for:

(1) restoring the three youthbuild programs that were eliminated due to budget reductions and adding seven more youthbuild programs statewide;

(2) restoring funding levels for all youthbuild programs plus an inflationary increase for each program;

(3) increasing the number of at-risk youth served by the youthbuild programs from 260 youth per year to 500 youth per year; and

(4) restoring the youthbuild focus on careers in technology and adding a youthbuild focus on careers in the medical field.

(n) \$1,325,000 each year is from the workforce development fund for grants to fund summer youth employment in Minneapolis. The grants shall be used to fund up to 500 jobs for youth each summer. Of this appropriation, \$325,000 each year is for a grant to the learn-to-earn summer youth employment program. The commissioner shall establish criteria for awarding the grants. This appropriation is available in either year of the biennium and is available until spent.

(o) \$600,000 the first year and \$600,000 the second year are from the workforce development fund for a grant to the city of St. Paul for grants to fund summer youth employment in St. Paul. The grants shall be used to fund up to 500 jobs for youth each summer. The commissioner shall establish criteria for awarding the grants within the city of St. Paul. This appropriation is available in either year of the biennium and is available until spent.

(p) \$250,000 the first year and \$250,000 the second year are from the general fund for grants to Northern Connections in Perham to implement and operate a pilot workforce program that provides one-stop supportive services to individuals as they transition into the workforce.

(q) \$100,000 each year is for a grant to Ramsey County Workforce Investment Board for the development of the building lives program. This is a onetime appropriation.

**\* (The preceding text beginning "(q) \$100,000 each year is for" was indicated as vetoed by the governor.)**

(r) \$150,000 each year is for a grant to the Hennepin-Carver Workforce Investment Board (WIB) to coordinate with the Partners for Progress Regional Skills Consortium to provide employment and training as demonstrated by the Twin Cities regional health care training partnership project. \* **(The preceding text beginning "(r) \$150,000 each year is for" was indicated as vetoed by the governor.)**

(s) \$160,000 the first year is for a onetime grant to Workforce Development, Inc., for a pilot project to provide demand-driven employment and training services to welfare recipients and other economically disadvantaged populations in Mower, Freeborn, Dodge, and Steele Counties.

(t) \$200,000 the first year and \$200,000 the second year are from the general fund for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. \* **(The preceding text beginning "(t) \$200,000 the first year" was indicated as vetoed by the governor.)**

(u) \$100,000 the first year is for a onetime grant to a nonprofit organization. The nonprofit organization must work on behalf of all licensed vendors to coordinate their efforts to respond to solicitations or other requests from private and governmental units as defined in Minnesota Statutes, section 471.59, subdivision 1, in order to increase employment opportunities for persons with disabilities. This appropriation is available until June 30, 2009.

(v) \$3,500,000 each year from the workforce development fund is for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(w) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance

components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(x) \$10,000 the first year is for a study on ways to promote employment opportunities for minorities, with a particular focus on opportunities for African Americans, in the state of Minnesota. The study should focus on how to significantly expand the job training available to minorities and promote substantial increases in the wages paid to minorities, at least to a rate well above living wage, and within several years, to equality. The commissioner must report on the study to the governor and the chair of the finance committee in each house of the legislature that has jurisdiction over employment by January 15, 2008, with recommendations for implementing the findings.

(y) The commissioner must provide funding for the Minnesota Conservation Corps to provide learning stipends for deaf students and wages for interpreters participating in the MCC summer youth program.

Sec. 27. Laws 2007, chapter 135, article 1, section 6, subdivision 4, is amended to read:

<b>Subd. 4. Labor Standards/Apprenticeship</b>	1,833,000	1,803,000
Appropriations by Fund		
General	1,069,000	1,024,000
Workforce Development	764,000	779,000

The appropriation from the workforce development fund is for the apprenticeship program under Minnesota Statutes, chapter 178, and includes \$100,000 each year for labor education and advancement program grants.

\$360,000 the first year and \$300,000 the second year from the general fund are for prevailing wage enforcement of which \$60,000 in the first year is for outreach and

survey participation improvements, and is available until expended.

Sec. 28. Laws 2007, First Special Session chapter 2, article 1, section 8, subdivision 2, is amended to read:

**Subd. 2. Minnesota Investment Fund**

35,000,000

For transfer to the Minnesota investment fund for grants to local units of government for locally administered grants or loan programs for businesses and nonprofit organizations directly and adversely affected by the flood, including those that provide residential, health care, child care, social, or other services on behalf of the Department of Human Services to residents of the area included in DR-1717. Assistance under this subdivision is not limited to businesses.

Payments may be made for property damage and cleanup, and to reimburse parties under contract, provider agreement, or other arrangement with the commissioner of human services as of August 18, 2007, for residential, health care, child care, social, or other services provided on behalf of the Department of Human Services to a resident of the area included in DR-1717, notwithstanding that:

- (1) the resident has been compelled by the floods of August 2007 to relocate outside the party's service area; or
- (2) the party is unable to provide services to the resident due to flood damage to the party's place of business.

Criteria and requirements must be locally established with the approval of the commissioner. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7; 116J.993; 116J.994; and 116J.995, are waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1717.

Before any grants under this subdivision are awarded to a local unit of government, the commissioner of employment and economic

development shall report to the chairs of the senate finance and house of representatives ways and means committees the criteria and requirements to be used by local units of government in the grant or loan programs they will administer. This appropriation is from the general fund.

Any money transferred to the commissioner of natural resources to provide high-resolution digital elevation maps using Light Detection and Ranging (LiDAR) technology to be used for flood management is available until June 30, 2009.

**Sec. 29. BIOMASS HEATING GRANTS AND LOANS PILOT PROJECT.**

Within the limits of appropriations, the commissioner of the Department of Employment and Economic Development shall make grants and loans for costs related to the installation of an approved biomass heating project in a publicly owned facility, including K-12 public schools, higher education buildings, and buildings owned by a local unit of government. The commissioner must approve biomass heating projects that produce energy for heating air or water using organic matter available on a renewable basis, including but not limited to agricultural crops, grasses and trees, or wood production or other waste. Applications for a grant or loan under this section must be made to the commissioner on the forms and according to the timeline prescribed by the commissioner. At a minimum, the commissioner must require sufficient information on the applications to determine that the physical condition of the publicly owned facility is sufficient to support the efficient operation of the biomass heating project and that the projected cumulative energy cost savings are adequate relative to the costs of the investment. The grant and loan may each provide up to 50 percent of the total installed costs of the biomass heating projects.

**Sec. 30. HARDSHIP PAYMENTS.**

Subdivision 1. **Payments; availability.** Hardship payments are available to an applicant if the applicant suffered economic hardship due to delays in receiving unemployment benefits resulting from the new unemployment insurance application and filing system implemented by the Department of Employment and Economic Development on October 15, 2007.

Subd. 2. **Economic hardship.** "Economic hardship" means financial losses to an applicant resulting from: checks returned for insufficient funds; account overdraft charges; installment credit penalties, interest, and other fees resulting from missed or late payments; mortgage loan late fees, interest charges, or other penalties; charges for force-placed automobile or homeowner's insurance; penalties for late payment of income or property taxes; and any penalties or adverse consequences, including the suspension of an applicant's driver's license due to nonpayment of child support.

Subd. 3. **Payment from administration account.** Hardship payments are payable from the unemployment insurance administration account under Minnesota Statutes, section 268.196.

Subd. 4. **Eligibility conditions.** An applicant is eligible to receive hardship payments under this section if the applicant's unemployment benefit payments due and payable after October 15, 2007, were delayed at least four weeks.

Subd. 5. **Amount of hardship payments.** The amount of hardship payments available to an applicant is equal to the amount of economic hardship experienced by an applicant due to the delay in receiving unemployment benefits. An applicant must provide documentation of the amount of financial hardship claimed using financial institution records, consumer or business credit records, child support records, or other commonly recognized methods of documenting financial transactions.

Subd. 6. **Notice.** The commissioner must notify applicants of the availability of hardship payments by posting a notice on the department's official Web site, by notifying applicants by individual mailing where department records show the applicant may be eligible under subdivision 4, and by any other appropriate announcement.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 31. LUMBER COMPANY EXTRA BENEFITS.**

Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are available to an applicant who was laid off due to lack of work from the Ainsworth Lumber Company plant in Cook, Minnesota.

Subd. 2. **Payment from fund; effect on employer.** Extra unemployment benefits are payable from the unemployment insurance trust fund. Extra unemployment benefits paid will not be used in computing the experience rating of Ainsworth Lumber Company under Minnesota Statutes, sections 268.047 and 268.051, subdivision 3.

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra unemployment benefits under this section for any week through December 27, 2008, if:

(1) the applicant established a benefit account under Minnesota Statutes, section 268.07, with a majority of the wage credits from Ainsworth Lumber Company, and exhausted entitlement to those regular unemployment benefits after January 1, 2008;

(2) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under Minnesota Statutes, section 268.069;

(3) the applicant is not entitled to any other unemployment benefits and is not entitled to receive unemployment benefits under any other state or federal law for that week, including any other extended unemployment benefits; and

(4) if an applicant qualifies for any type of unemployment benefits available under Minnesota law, or under any federal law, or the law of another state, the applicant must apply for and exhaust entitlement to those unemployment benefits.

Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment benefits amount available to an applicant is the same as the applicant's weekly regular unemployment benefit amount on the benefit account established in subdivision 3, clause (1).

Subd. 5. **Maximum amount of extra unemployment benefits.** The maximum amount of extra unemployment benefits available is equal to 13 times the applicant's weekly benefit amount.

Subd. 6. **Program expiration.** This extra unemployment benefit program expires on December 27, 2008. No extra unemployment benefits may be paid for any week after the expiration of this program.

Subd. 7. **Notice.** The commissioner must notify applicants of the availability of extra unemployment benefits by posting a notice on the department's official Web site, by notifying applicants by individual mailing where department records show the applicant may qualify for these extra unemployment benefits, and by any other appropriate announcement.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively from January 1, 2008.

Sec. 32. **UNEMPLOYMENT BENEFITS; CONTINUED REQUEST TIME PERIOD WAIVER.**

Notwithstanding any other law to the contrary, the commissioner must accept initial and continued requests for unemployment benefits and pay unemployment benefits to an applicant who currently resides in Hubbard County and applied for unemployment benefits on September 15, 2006, and had an account dated September 10, 2006:

(1) was employed as a technician or inspector for Northwest Airlines, Inc., prior to August 20, 2005;

(2) stopped working on or about August 20, 2005, because of a labor dispute between the Aircraft Mechanics Fraternal Association (AMFA) and Northwest Airlines, Inc.;

(3) did not file an initial or continued requests for unemployment benefits within the time periods required under Minnesota Statutes, chapter 268; and

(4) meets all the other requirements for the payment of unemployment benefits under Minnesota Statutes, section 268.069, subdivision 2.

Any unemployment benefits paid under the account established September 10, 2006, shall be deducted from the total benefits authorized under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively from August 21, 2005.

Sec. 33. **[116J.657] OFFICE OF SCIENCE AND TECHNOLOGY.**

Subdivision 1. **Establishment.** An Office of Science and Technology is established in the Department of Employment and Economic Development to do the following:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies; and

(5) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities.

For the purposes of this section, "office" means the Office of Science and Technology established in this subdivision.

Subd. 2. **Technology partnering with a prime contractor.** The office must develop a program to assist small businesses competing for a small business innovation research award by matching the applicant with a larger company. Prime contractors are matched to small businesses through a prescreening process that may result in a letter of support for the applicant designed to increase the chance of receiving a Small Business Innovation Research (SBIR) award.

Subd. 3. **Collaborate to commercialize.** The office must develop a program to use the federal high-risk research and development investment program to encourage the development of new technologies, products, and business development and to reduce development risks by encouraging alliances between medium-sized companies and innovative small businesses.

Subd. 4. **Technology matchmaking.** The office must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 5. **Commercialization assistance.** The office must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The office may provide SBIR Phase I proposal technical review.

Subd. 6. **Report.** The commissioner of employment and economic development must report to the committees in the house of representatives and senate having jurisdiction over bioscience and technology issues on the activities of the Office of Science and Technology by June 30, 2009.

#### Sec. 34. **2008 DISTRIBUTIONS ONLY.**

For distribution in 2008 only, a special fund is established to receive 9.65 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 9.65 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) 0.25 cent per ton must be paid to the St. Louis County School Board to study the potential for and impact of consolidation and streamlining the operations of the St. Louis County School District No. 2142;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for sewer and water for housing projects;

(5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;

(6) 0.25 cent per ton must be paid to the Mountain Iron-Buhl School Board to study the potential for and impact of consolidation or streamlining the operations of the Mountain Iron-Buhl School District No. 712;

(7) 0.25 cent per ton must be paid to the Virginia School Board to study the potential for an impact of consolidation or streamlining the operations of the Virginia Public School District No. 706;

(8) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;

(9) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;

(10) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;

(11) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements; and

(12) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements.

**Sec. 35. REPEALER.**

Minnesota Statutes 2006, section 341.31, and Laws 2004, chapter 188, section 2, are repealed.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**ARTICLE 11**  
**TRANSPORTATION**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<b><u>2008</u></b>		<b><u>2009</u></b>		<b><u>Total</u></b>
<u>General</u>	\$	-0-	\$	(255,000)	\$ (255,000)



chapter 143, article 1, section 3, subdivision 2, paragraph (c).

**Subd. 4. State Roads**

6,850,000

-0-

This appropriation is spending authority for additional federal bridge funding authorized and appropriated by Congress in 2008, and is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payments to landowners for lands acquired for highway rights-of-way, payments to lessees, interest subsidies, and relocation expenses. This is a onetime appropriation.

**Subd. 5. Transfers In**

By June 30, 2008, the commissioner of finance shall transfer \$15,000,000 from the state airports fund established in Minnesota Statutes, section 360.017, to the general fund.

Notwithstanding Minnesota Statutes, section 222.49, before June 30, 2008, the commissioner of finance shall transfer \$3,000,000 from the rail service improvement account in the special revenue fund to the general fund.

Notwithstanding Minnesota Statutes, section 222.49, after July 1, 2008, and before June 30, 2009, the commissioner of finance shall transfer \$3,000,000 from the rail service improvement account in the special revenue fund to the general fund.

**Sec. 4. METROPOLITAN COUNCIL**

\$

-0- \$

(136,000)

This reduction is from the appropriation from the general fund for bus system operations in Laws 2007, chapter 143, article 1, section 4, subdivision 2, and Hiawatha light rail transit in Laws 2007, chapter 143, article 1, section 4, subdivision 3.

**Sec. 5. PUBLIC SAFETY**

**Subdivision 1. Total Appropriation**

\$

-0- \$

(60,000)

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

**Subd. 2. Public Safety Support** -0- (45,000)

Of this reduction, \$28,000 is from the appropriation from the general fund for a security coordinator to coordinate planning efforts for the Republican National Convention in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

Of this reduction, \$17,000 is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

The base appropriation for fiscal years 2010 and 2011 is \$3,296,000 per year.

**Subd. 3. Capitol Security** -0- (15,000)

This reduction is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 3, paragraph (c).

Sec. 6. Minnesota Statutes 2006, section 168.013, is amended by adding a subdivision to read:

Subd. 21. **Technology surcharge.** For every vehicle registration renewal required under this chapter, the commissioner shall collect a surcharge of \$1.75. Surcharges collected under this subdivision must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

**EFFECTIVE DATE.** This section is effective July 1, 2008, and expires June 30, 2012.

Sec. 7. Minnesota Statutes 2006, section 168A.29, as amended by Laws 2007, chapter 143, article 3, section 2, is amended to read:

**168A.29 FEES.**

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of \$6.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction,

the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1;

(5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account.

(b) After June 30, 1994, in addition to each of the fees required under paragraph (a), clauses (1) and (3), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

**Subd. 2. Fee in lieu of other fee.** If a person applies for an original or a new certificate of title to a vehicle, concurrently with an application, as transferee, of registration of the vehicle, the fee prescribed in subdivision 1 must be in lieu of the ~~fee~~ fees prescribed by ~~section~~ sections 168.013, subdivision 21, and 168.54, with respect to any transfer of ownership or registration of the vehicle to the applicant.

**Subd. 3. No certificate issued until fees paid.** Subject to subdivision 2, the department shall not issue a certificate of title to a vehicle until all fees prescribed by ~~sections section 168.54 and 168A.10, subdivision 6~~, with respect to any prior transfer of ownership or registration of the vehicle have been paid.

**Sec. 8.** Minnesota Statutes 2007 Supplement, section 171.06, subdivision 2, is amended to read:

**Subd. 2. Fees.** (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$22.25	C-\$26.25	B-\$33.25	A-\$41.25
Classified Under-21 D.L.	D-\$22.25	C-\$26.25	B-\$33.25	A-\$21.25
Instruction Permit				\$10.25
Provisional License				\$13.25
Duplicate License or duplicate identification card				\$11.75

Minnesota identification  
card or Under-21  
Minnesota identification  
card, other than duplicate,  
except as otherwise  
provided in section  
171.07, subdivisions 3  
and 3a

\$16.25

In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of \$1.75 until June 30, 2012. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

Sec. 9. Minnesota Statutes 2006, section 299A.705, is amended by adding a subdivision to read:

Subd. 3. **Driver and vehicle services technology account.** (a) The driver and vehicle services technology account is created in the special revenue fund, consisting of the technology surcharge collected as specified in chapters 168, 168A, and 171, and any other money otherwise donated, allotted, appropriated, or legislated to this account.

(b) Money in the account is annually appropriated to the commissioner of public safety to support the research, development, deployment, and maintenance of a driver and vehicle services information system.

**EFFECTIVE DATE.** This section is effective July 1, 2008, and expires June 30, 2012.

Sec. 10. Laws 2007, chapter 143, article 1, section 3, subdivision 2, is amended to read:

**Subd. 2. Multimodal Systems**

**(a) Aeronautics**

**(1) Airport Development and Assistance**

20,298,000

~~20,298,000~~

5,298,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$6,000,000 the first year and \$6,000,000 the second year are is a onetime appropriations appropriation and ~~it~~ does not add to the base appropriations. The base for this appropriation for fiscal year 2010 is \$14,298,000.

Of this appropriation \$200,000 the first year is to the Legislative Coordinating Commission for the administrative expenses of the Airport Funding Advisory Task Force and for other costs relating to the preparation of the task force report, including the costs of hiring a consultant, if needed. Any remaining amount of this appropriation shall revert to the state airports fund.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

**(2) Aviation Support and Services**

Appropriations by Fund

Airports	5,184,000	5,286,000
Trunk Highway	852,000	866,000

\$65,000 the first year and \$65,000 the second year from the state airports fund are for the Civil Air Patrol.

**(b) Transit**

Appropriations by Fund

General	18,813,000	18,816,000
Trunk Highway	740,000	761,000

**(c) Freight**

Appropriations by Fund		
General	357,000	367,000
Trunk Highway	5,028,000	5,158,000

Sec. 11. Laws 2008, chapter 152, article 1, section 6, subdivision 2, is amended to read:

Subd. 2. **Appropriation; study.** ~~\$325,000~~ \$300,000 is appropriated from the general fund to the Board of Regents of the University of Minnesota for the Center for Transportation Studies to complete a study to assess the public policy implications of financing new and improved transportation infrastructure in Minnesota through capturing the value of the benefits created, to prepare a report on its findings, and to conduct a series of workshops. This is a onetime appropriation and is available in fiscal years 2008 and 2009.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

## ARTICLE 12

### PUBLIC SAFETY

#### Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize the direct appropriations, by fund, made in this article.

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>Total</u></b>
<u>General</u>	\$ 268,000	\$ (10,490,000)	\$ (10,222,000)
<u>Special Revenue</u>	(25,000)	50,000	25,000
<b><u>Total</u></b>	<b><u>\$ 243,000</u></b>	<b><u>\$ (10,440,000)</u></b>	<b><u>(10,197,000)</u></b>

#### Sec. 2. **PUBLIC SAFETY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 54, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

**APPROPRIATIONS**  
**Available for the Year**

		<u>Ending June 30</u>	
		<u>2008</u>	<u>2009</u>
Sec. 3. <b><u>SUPREME COURT</u></b>	<b>\$</b>	<b><u>-0-</u></b>	<b><u>\$ (951,000)</u></b>
<u>The appropriation additions or reductions for each purpose are as follows:</u>			
(a) <b><u>Supreme Court Operations</u></b>		<u>-0-</u>	<u>(831,000)</u>
(b) <b><u>Civil Legal Services</u></b>		<u>-0-</u>	<u>(120,000)</u>
Sec. 4. <b><u>COURT OF APPEALS</u></b>	<b>\$</b>	<b><u>-0-</u></b>	<b><u>\$ (250,000)</u></b>
Sec. 5. <b><u>DISTRICT COURTS</u></b>	<b>\$</b>	<b><u>-0-</u></b>	<b><u>\$ (2,800,000)</u></b>
<u>This reduction may be applied to any appropriation contained in Laws 2007, chapter 54, article 1, section 5.</u>			
Sec. 6. <b><u>BOARD OF PUBLIC DEFENSE</u></b>	<b>\$</b>	<b><u>-0-</u></b>	<b><u>\$ (1,491,000)</u></b>
Sec. 7. <b><u>PUBLIC SAFETY</u></b>			
Subdivision 1. <b><u>Total Appropriation</u></b>	<b>\$</b>	<b><u>360,000</u></b>	<b><u>\$ (2,057,000)</u></b>
<u>The appropriation additions or reductions for each purpose are shown in the following subdivisions.</u>			
Subd. 2. <b><u>Emergency Management</u></b>			
(a) <b><u>State Match</u></b>		<u>360,000</u>	<u>-0-</u>
<u>This appropriation is to provide a match for FEMA money received for natural disaster assistance payments and is added to appropriations in Laws 2007, chapter 54, article 1, section 10, subdivision 2. It is available until June 30, 2010, and is a onetime appropriation.</u>			
(b) <b><u>Chemical Assessment/HazMat Teams</u></b>		<u>-0-</u>	<u>(40,000)</u>
<u>The appropriation from the general fund in the second year to reimburse local chemical assessment and hazardous materials teams when they respond to incidents is reduced</u>			

by \$40,000. Reimbursements up to \$40,000 per year are to be made from revenues in the special revenue fund from billings to responsible companies.

**Subd. 3. Criminal Apprehension**

**(a) CriMNet** -0- (1,265,000)

**(b) Agencywide Cut, Except for Office of Justice Programs** -0- (250,000)

This reduction may be applied to any program funded under Laws 2007, chapter 54, article 1, section 10, with the exception of the Office of Justice programs. Reductions to the Office of Justice programs are specified in subdivision 4. No other reductions may be made from that office.

**Subd. 4. Office of Justice Programs**

**(a) Financial Crimes Task Force** -0- (450,000)

**(b) Squad Car Cameras** -0- (52,000)

The base for these grants in fiscal year 2010 is \$0.

Sec. 8. **HUMAN RIGHTS** \$ -0- \$ (149,000)

Sec. 9. **CORRECTIONS** \$ (92,000) \$ (2,792,000)

The appropriation additions or reductions for each purpose are as follows:

**(a) Short-Term Offenders** -0- (2,100,000)

**(b) Sentencing to Service** -0- (600,000)

**(c) 8-Day Holds** (92,000) (92,000)

Sec. 10. Minnesota Statutes 2007 Supplement, section 297I.06, subdivision 3, is amended to read:

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008 ~~and \$2,268,000,~~

\$4,268,000 in fiscal year 2009, and \$2,268,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums.

Sec. 11. Minnesota Statutes 2006, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this paragraph, the court shall impose and the court administrator shall collect a ~~\$72~~ \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking, for which there shall be a \$4 surcharge. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) If the court fails to impose a surcharge as required by this subdivision, the court administrator shall show the imposition of the surcharge, collect the surcharge, and correct the record.

(c) The court may not waive payment of the surcharge required under this subdivision. Upon a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family, the sentencing court may authorize payment of the surcharge in installments.

(d) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of finance.

(e) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the commissioner of finance.

Sec. 12. Minnesota Statutes 2006, section 357.021, subdivision 7, is amended to read:

Subd. 7. **Disbursement of surcharges by commissioner of finance.** (a) Except as provided in paragraphs (b), (c), and (d), the commissioner of finance shall disburse surcharges received under subdivision 6 and section 97A.065, subdivision 2, as follows:

(1) one percent shall be credited to the game and fish fund to provide peace officer training for employees of the Department of Natural Resources who are licensed under sections 626.84 to 626.863, and who possess peace officer authority for the purpose of enforcing game and fish laws;

(2) 39 percent shall be credited to the peace officers training account in the special revenue fund; and

(3) 60 percent shall be credited to the general fund.

(b) The commissioner of finance shall credit \$3 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, to the general fund.

(c) In addition to any amounts credited under paragraph (a), the commissioner of finance shall credit ~~\$44~~ \$47 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, and the \$4 parking surcharge, to the general fund.

(d) If the Ramsey County Board of Commissioners authorizes imposition of the additional \$1 surcharge provided for in subdivision 6, paragraph (a), the court administrator in the Second Judicial District shall transmit the surcharge to the commissioner of finance. The \$1 special surcharge is deposited in a Ramsey County surcharge account in the special revenue fund and amounts in the account are appropriated to the trial courts for the administration of the petty misdemeanor diversion program operated by the Second Judicial District Ramsey County Violations Bureau.

Sec. 13. Laws 2007, chapter 54, article 1, section 11, is amended to read:

Sec. 11. <b>PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD</b>	\$	<del>4,296,000</del> <u>4,271,000</u>	<del>4,278,000</del> <u>4,328,000</u>
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**Excess Amounts Transferred.** This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of ~~\$4,296,000~~ \$4,271,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of ~~\$4,278,000~~ \$4,328,000 must be transferred and credited to the general fund.

**Peace Officer Training Reimbursements.** \$3,159,000 the first year and \$ 3,159,000 the second year are for reimbursements to local governments for peace officer training costs.

**No Contact Orders.** The board shall: (1) revise and update preservice courses and develop in-service training courses related to no contact orders in domestic violence cases and domestic violence dynamics; and (2) reimburse peace officers who have taken training courses described in clause (1). At a minimum, the training must include instruction in the laws relating to no contact orders and address how to best coordinate law enforcement resources relating to no contact orders. In addition, the training must include a component to instruct peace officers on doing risk assessments of the escalating factors of lethality in domestic violence cases. The board must consult with

a statewide domestic violence organization in developing training courses. The board shall utilize a request for proposal process in awarding training contracts. The recipient of the training contract must conduct these trainings with advocates or instructors from a statewide domestic violence organization.

Beginning on January 1, 2008, the board may not approve an in-service training course relating to domestic abuse that does not comply with this section.

**ARTICLE 13  
STATE GOVERNMENT**

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>		<u>2009</u>	<u>Total</u>
<u>General</u>	\$	-0-	\$ (1,104,000)	\$ (1,104,000)

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 148, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. **LEGISLATURE**

<u>Subdivision 1. Total Reduction</u>	\$	-0-	\$	(1,821,000)
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

Subd. 2. **Senate** -0- (710,000)

The base budget for the senate shall be \$22,958,000 in fiscal year 2010 and \$22,958,000 in fiscal year 2011.

Subd. 3. **House of Representatives** -0- (952,000)

The base budget for the house of representatives shall be \$30,866,000 in fiscal year 2010 and \$30,866,000 in fiscal year 2011.

Subd. 4. **Legislative Coordinating Commission** -0- (159,000)

The base budget for the Legislative Coordinating Commission shall be \$15,734,000 in fiscal year 2010 and \$15,734,000 in fiscal year 2011.

Sec. 4. **GOVERNOR** \$ -0- \$ (113,000)

The base budget for the office of the governor shall be \$3,701,000 in fiscal year 2010 and \$3,701,000 in fiscal year 2011.

Sec. 5. **STATE AUDITOR** \$ -0- \$ (42,000)

Sec. 6. **ATTORNEY GENERAL** \$ -0- \$ (749,000)

Sec. 7. **SECRETARY OF STATE** \$ -0- \$ (195,000)

The base budget for the secretary of state shall be \$6,134,000 in fiscal year 2010 and \$6,301,000 in fiscal year 2011.

Sec. 8. **OFFICE OF ENTERPRISE TECHNOLOGY** \$ -0- \$ (313,000)

The base budget for the Office of Enterprise Technology shall be \$6,076,000 in fiscal year 2010 and \$6,076,000 in fiscal year 2011.

Sec. 9. **ADMINISTRATION** \$ -0- \$ (1,274,000)

\$885,000 of the reduction is from the appropriation for Department of Public Safety relocation expenses.

By June 30, 2009, the commissioner of finance shall transfer \$1,000,000 of the balance in the facilities repair and replacement account in the special revenue fund to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (d).

\$40,000 is to design and construct a workers memorial on the Capitol grounds in St. Paul. This appropriation is added to the appropriation in Laws 2006, chapter 258, section 12, subdivision 4.

\$40,000 is for a grant to the Capitol Area Architectural and Planning Board to design and construct a memorial to Hubert H. Humphrey in the Capitol area. This appropriation is added to the appropriations for the same purpose in Laws 1993, chapter 192, section 16; and Laws 1999, chapter 250, article 1, section 13, and is available until expended.

Sec. 10. **FINANCE**

\$

-0- \$

(624,000)

After the Departments of Finance and Employee Relations merge as directed in Laws 2007, chapter 148, article 2, section 80, the commissioner of finance may reallocate fiscal year 2009 general fund appropriation reductions among programs within the merged agency. Any reallocation of funds shall be shown in the program appropriations base for fiscal years 2010 and 2011 according to Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b).

Sec. 11. **EMPLOYEE RELATIONS**

\$

-0- \$

(218,000)

The base budget for employee relations shall be \$5,241,000 in fiscal year 2010 and \$5,241,000 in fiscal year 2011 to reflect the reduction and a transfer to the Department of Health for the merger in Laws 2007, chapter 148, article 2, section 80.

Sec. 12. **REVENUE** \$ -0- \$ 6,120,000

\$7,000,000 is for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$21,000,000 for fiscal year 2009.

The department must report to the chairs of the house of representatives Ways and Means Committee and senate Finance Committee by March 1, 2009, and January 15, 2010, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base-level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2006. The information must be provided at the budget activity level.

\$1,240,000 is a reduction from the appropriation for the tax system management program.

\$360,000 is for the costs of administering the data match program under new Minnesota Statutes, section 13B.07, including payments to financial institutions in exchange for performing data matches under that section.

Sec. 13. **[5.33] RETURNING COMBAT VETERANS.**

If any Minnesota business or nonprofit corporation, limited liability company, cooperative, limited partnership, or limited liability partnership has been administratively or statutorily dissolved, revoked, or terminated after December 31, 2006, for failure to file an annual or periodic report with the Office of the Secretary of State during a calendar year when an individual with substantial responsibility for the operation of the dissolved, revoked, or terminated business or nonprofit corporation, limited liability company,

cooperative, limited partnership, or limited liability partnership was serving in active military service in the armed forces of the United States, including the reserves or National Guard, as defined in section 190.05, subdivision 5b or 5c, or was engaged in employment outside of the United States essential to the prosecution of a war or to the national defense, as designated by the United States Congress or the United States Department of Defense, the secretary of state shall waive any reinstatement fee otherwise required by law.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 14. **[13B.07] TAX DEBTOR DATA MATCHES.**

**Subdivision 1. Definitions.** The definitions in this subdivision apply to this section.

**(a) "Account" means demand deposit account, checking account, negotiable order of withdrawal account, savings account, time deposit account, money market mutual fund account, or certificate of deposit account located in Minnesota.**

**(b) "Account information" means the type of account, the account number, and whether the account is singly or jointly owned.**

**(c) "Commissioner" means the commissioner of revenue.**

**(d) "Debtor" means a person for whom a notice of lien has been filed by the commissioner as provided by section 270C.63, subdivision 2.**

**(e) "Financial institution" means any of the following that do business in this state:**

**(1) federal or state commercial banks and federal or state savings banks, including savings and loan associations and cooperative banks;**

**(2) federal and state chartered credit unions;**

**(3) safe deposit companies; or**

**(4) money market mutual funds.**

**(f) "Person" means a person as defined in section 270C.01, subdivision 6.**

**(g) "Service level agreement" means an agreement entered into between the commissioner and a financial institution that defines terms and conditions by which the financial institution will provide data matches to the commissioner.**

**Subd. 2. Data match system established.** The commissioner shall establish a process for the comparison of account information data held by financial institutions with the Department of Revenue's database of debtors. The commissioner, in consultation with representatives from financial institutions, shall develop an implementation and administration plan for the data match system that attempts to minimize financial burdens on financial institutions for start-up and compliance costs and takes into consideration the financial institutions' existing data match systems. The commissioner shall inform the financial industry of the requirements of this section and the means by which financial institutions can comply no later than October 1, 2008, with the financial institutions receiving the first match requests no earlier than January 1, 2009. The commissioner may enter into service-level agreements with financial institutions.

**Subd. 3. Duty to provide data.** Within 30 days of a request by the commissioner, a financial institution shall provide to the commissioner the name, address, personal identifying information, and account information for each debtor or account holder, in

accordance with the method chosen in subdivision 4, who maintains an account at the financial institution. The commissioner may request from a financial institution the data concerning any debtor not more than once every three months.

Subd. 4. **Method to provide data.** To comply with the requirements of this section, a financial institution must elect, in a manner authorized by the commissioner, to either:

(1) provide to the commissioner a list containing only the names and other necessary personal identifying information, including the debtor's address, Social Security number if an individual, and tax identification number if known, of all account holders for the commissioner to compare against its list of debtors for the purpose of identifying which debtors maintain an account at the financial institution; the names of the debtors who maintain an account at the institution shall then be transmitted to the financial institution which shall provide the commissioner with account information on those debtors; or

(2) obtain an electronic list of debtors from the commissioner that includes each debtor's name, address, Social Security number if an individual, and tax identification number if known, and compare that data to the data maintained at the financial institution to identify which of the identified debtors maintains an account at the financial institution.

Subd. 5. **Means to provide data.** A financial institution must provide the required data in encrypted form by secure electronic means or other means authorized by the commissioner.

Subd. 6. **Access to data.** (a) With regard to account information on all account holders provided by a financial institution under subdivision 4, clause (1), the commissioner shall retain the reported information only until the account information is compared against the commissioner's debtor database. Notwithstanding section 138.17, all account information that does not pertain to a debtor listed in the commissioner's database must be immediately destroyed and no retention or publication of that data shall be made by the commissioner. All account information that pertains to a debtor listed in the commissioner's database must be incorporated into the commissioner's database. Access to that data is governed by chapters 13 and 270B. Notwithstanding section 16D.06, data collected pursuant to this section is available for the collection of delinquent taxes only and is not available for other debt collection activities undertaken by the state.

(b) With regard to data on debtors provided by the commissioner to a financial institution under subdivision 4, clause (2), the financial institution shall retain the reported information only until the financial institution's database is compared against the commissioner's database. Data that does not pertain to an account holder at the financial institution must be immediately destroyed and no retention, publication, or any other use of that data shall be made by the financial institution.

Subd. 7. **Fees.** A financial institution may charge and collect a fee from the commissioner for providing account information to the commissioner. The commissioner may pay a financial institution up to \$150 each quarter. The commissioner shall develop procedures for the financial institutions to charge and collect the fee. Payment of the fee is limited by the amount of the appropriation for this purpose. If the appropriation is insufficient, or if fund availability in the fourth quarter would allow payments for actual costs in excess of \$150, the commissioner shall prorate the available funds among the financial institutions that have submitted a claim for the fee. No financial institution shall charge or collect a fee that exceeds its actual costs of complying with this section. The commissioner, together with an advisory group consisting of representatives of

the financial institutions in the state, shall evaluate whether the fees paid to financial institutions compensate them for their actual costs, including start-up costs, of complying with this section, and shall evaluate whether the amount appropriated to the commissioner for the costs of administering the data match system compensates the commissioner for the costs incurred by the department. The advisory group shall submit a report to the legislature by February 1, 2009, with a recommendation for retaining or modifying the fee.

Subd. 8. **Failure to respond to request for information.** The commissioner shall send a written notice of noncompliance to a financial institution that fails to respond to a first written request for information under this section. The notice must be sent by certified mail and must explain the requirements of this section and advise the financial institution of the penalty for noncompliance. A financial institution that receives a second notice of noncompliance is subject to a civil penalty of \$1,000 for its failure to comply. A financial institution that continues to fail to comply with this section is subject to a civil penalty of \$5,000 for the third and each subsequent failure to comply. The penalties imposed under this subdivision are collected in the same manner as taxes. A financial institution that has been served with a notice of noncompliance and incurs a second or subsequent notice of noncompliance has the right to a contested case hearing under chapter 14. A financial institution has 20 days from the date of the service of the notice of noncompliance to file a request for a contested case hearing with the commissioner. The order of the administrative law judge constitutes the final decision in this case. A financial institution is considered to be in compliance with this section if it demonstrates that it is working in good faith to implement the data match program.

Subd. 9. **Confidentiality.** A financial institution furnishing a report to the commissioner under this section is prohibited from disclosing to a debtor that the name of the debtor has been received from or furnished to the commissioner.

Subd. 10. **Immunity.** A financial institution that provides or reasonably attempts to provide information to the commissioner in compliance with this section is not liable to any person for disclosing the information or for taking any other action in good faith as authorized by this section.

**EFFECTIVE DATE.** This section is effective July 1, 2008, except that subdivision 8 is effective July 1, 2009.

Sec. 15. Minnesota Statutes 2006, section 15A.0815, subdivision 2, as amended by Laws 2008, chapter 204, section 3, is amended to read:

Subd. 2. **Group I salary limits.** The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

- Commissioner of administration;
- Commissioner of agriculture;
- Commissioner of education;
- Commissioner of commerce;
- Commissioner of corrections;
- Commissioner of finance;
- Commissioner of health;
- Executive director, Minnesota Office of Higher Education;

Commissioner, Housing Finance Agency;  
 Commissioner of human rights;  
 Commissioner of human services;  
 Commissioner of labor and industry;  
 Commissioner of natural resources;  
 Director of Office of Strategic and Long-Range Planning;  
 Commissioner, Pollution Control Agency;  
Executive director, Public Employees Retirement Association;  
 Commissioner of public safety;  
 Commissioner of revenue;  
Executive director, State Retirement System;  
Executive director, Teachers Retirement Association;  
 Commissioner of employment and economic development;  
 Commissioner of transportation; and  
 Commissioner of veterans affairs.

Sec. 16. Minnesota Statutes 2006, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may not exceed 85 percent of the salary of the governor:

Executive director of Gambling Control Board;  
 Commissioner, Iron Range Resources and Rehabilitation Board;  
 Commissioner, Bureau of Mediation Services;  
 Ombudsman for Mental Health and Developmental Disabilities;  
 Chair, Metropolitan Council;  
 Executive director of pari-mutuel racing; and  
~~Executive director, Public Employees Retirement Association;~~  
 Commissioner, Public Utilities Commission; ;  
~~Executive director, State Retirement System, and~~  
~~Executive director, Teachers Retirement Association.~~

Sec. 17. Minnesota Statutes 2006, section 270B.085, is amended by adding a subdivision to read:

Subd. 4. **Data matching program for collection of tax debts.** The commissioner may disclose the name, last known address, and Social Security number of taxpayers who owe delinquent state taxes for the purpose of administering the tax debt data matching program with financial institutions under section 13B.07.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 18. Laws 2005, chapter 156, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. <b>State Facilities Services</b>	16,070,000	10,946,000
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\$5,124,000 the first year is for onetime funding of agency relocation expenses. This amount is available until June 30, 2009.

The Department of Human Services will obtain federal reimbursement for associated relocation expenses. This amount, estimated to be \$1,870,000, will be deposited in the general fund.

\$7,888,000 the first year and \$7,888,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$2,000,000 of the balance in the state building code account in the state government special revenue fund is canceled to the general fund.

\$1,950,000 the first year and \$1,950,000 the second year of the balance in the facilities repair and replacement account in the special revenue fund is canceled to the general fund. This is a onetime cancellation.

Sec. 19. Laws 2006, chapter 282, article 2, section 27, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The commission expires ~~December 31, 2008~~ June 30, 2009.

Sec. 20. Laws 2007, chapter 148, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. <b>Administrative Management Services</b>	5,672,000	5,218,000
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(a) \$125,000 the first year is to create an Office of Grants Management to standardize state grants management policies and procedures. For the fiscal year beginning July 1, 2008, the commissioner ~~must~~ may deduct up to \$125,000 from state grants that are subject to Minnesota Statutes, section 16B.97, to nongovernmental nonstate entities, as necessary to fund the commissioner's duties under new Minnesota Statutes, sections 16B.97 and 16B.98. The amount deducted from appropriations for these grants is transferred to the

commissioner for purposes of administering these sections.

(b) \$250,000 the first year and \$250,000 the second year are to establish a small agency resource team to consolidate and streamline the human resources and financial management activities for small state agencies, boards, and councils.

(c) \$500,000 the first year is a onetime appropriation for a targeted group business disparity study. The commissioner must cooperate with units of local government conducting similar studies. The commissioner shall ensure that the results of the study are kept current and that any new or upgraded accounting or procurement systems properly record purchases from minority and female-owned businesses through the use of state contracts, and the availability of bids from those businesses.

(d) \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

(e) \$140,000 in fiscal year 2008 and \$140,000 in fiscal year 2009 are for a grant to the Council on Developmental Disabilities for the purpose of establishing a statewide self-advocacy network for persons with intellectual and developmental disabilities (ID/DD). The self-advocacy network shall:

(1) ensure that persons with ID/DD are informed of their rights in employment, housing, transportation, voting, government policy, and other issues pertinent to the ID/DD community;

(2) provide public education and awareness of the civil and human rights issues persons with ID/DD face;

(3) provide funds, technical assistance, and other resources for self-advocacy groups across the state; and

(4) organize systems of communications to facilitate an exchange of information between self-advocacy groups.

This appropriation is in addition to any other appropriations and must be added to the base appropriation beginning in fiscal year 2010.

Sec. 21. **PROFESSIONAL AND TECHNICAL CONTRACTS.**

By July 1, 2008, the commissioner of finance shall allocate a reduction of \$1,875,000 among the general fund appropriations for fiscal year 2009 to executive branch state agencies, as defined in Minnesota Statutes, section 16A.011, subdivision 12a. To the extent possible, this reduction must be achieved through reductions in expenditures for professional and technical contracts, as defined in Minnesota Statutes, section 16C.08, subdivision 1. Executive branch state agencies shall cooperate with the commissioner of finance in developing and implementing the reductions. Any reductions that cannot be achieved through savings in professional and technical contracts must be allocated proportionally across executive branch state agency operating budgets. For the purposes of defining the base under Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), \$575,000 each year must be allocated as a permanent reduction to state agency base appropriations for fiscal years 2010 and 2011. The reductions must be allocated in proportion to the fiscal year 2009 reduction. For purposes of this subdivision, "executive branch state agency" does not include the Minnesota State Colleges and Universities. By January 15, 2009, the commissioner of finance shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over finance regarding the amount of the reductions in professional and technical contract spending by each agency.

Sec. 22. **LEGISLATORS' FORUM.**

During the biennium ending June 30, 2009, the Legislative Coordinating Commission must pay expenses associated with Minnesota legislators' participation in a legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

## ARTICLE 14

### RESERVES AND TRANSFERS

Section 1. **BUDGET RESERVE REDUCTION.**

On July 1, 2008, the commissioner of finance shall cancel \$500,000,000 of the balance in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund.

Sec. 2. **DUPLICATE APPROPRIATIONS.**

Unless another act explicitly provides otherwise, appropriations and transfers made in this act and other acts must be implemented only once even if the provision or a similar provision with the same fiscal effect in the same fiscal year is included in another act. This section applies to laws enacted in the 2008 regular session.

Sec. 3. **SEVERABLE PROVISIONS.**

If any provision of this act is found to be unconstitutional, the remaining provisions of this act remain valid.

## ARTICLE 15 CONTINUING CARE

Section 1. Minnesota Statutes 2006, section 256B.0621, subdivision 2, is amended to read:

Subd. 2. **Targeted case management; definitions.** For purposes of subdivisions 3 to 10, the following terms have the meanings given them:

(1) "home care service recipients" means those individuals receiving the following services under sections 256B.0651 to 256B.0656: skilled nursing visits, home health aide visits, private duty nursing, personal care assistants, or therapies provided through a home health agency;

(2) "home care targeted case management" means the provision of targeted case management services for the purpose of assisting home care service recipients to gain access to needed services and supports so that they may remain in the community;

(3) "institutions" means hospitals, consistent with Code of Federal Regulations, title 42, section 440.10; regional treatment center inpatient services, consistent with section 245.474; nursing facilities; and intermediate care facilities for persons with developmental disabilities;

(4) "relocation targeted case management" includes the provision of both county targeted case management and public or private vendor service coordination services for the purpose of assisting recipients to gain access to needed services and supports if they choose to move from an institution to the community. Relocation targeted case management may be provided during the lesser of:

(i) the last 180 consecutive days of an eligible recipient's institutional stay; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service; and

(5) "targeted case management" means case management services provided to help recipients gain access to needed medical, social, educational, and other services and supports.

Sec. 2. Minnesota Statutes 2006, section 256B.0621, subdivision 6, is amended to read:

Subd. 6. **Eligible services.** (a) Services eligible for medical assistance reimbursement as targeted case management include:

(1) assessment of the recipient's need for targeted case management services and for persons choosing to relocate, the county must provide service coordination provider options at the first contact and upon request;

(2) development, completion, and regular review of a written individual service plan, which is based upon the assessment of the recipient's needs and choices, and which will ensure access to medical, social, educational, and other related services and supports;

(3) routine contact or communication with the recipient, recipient's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant

persons identified as necessary to the development or implementation of the goals of the individual service plan;

(4) coordinating referrals for, and the provision of, case management services for the recipient with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;

(5) coordinating and monitoring the overall service delivery and engaging in advocacy as needed to ensure quality of services, appropriateness, and continued need;

(6) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;

(7) assisting individuals in order to access needed services, including travel to conduct a visit with the recipient or other relevant person necessary to develop or implement the goals of the individual service plan; and

(8) coordinating with the institution discharge planner ~~in the 180-day period~~ before the recipient's discharge.

(b) Relocation targeted county case management includes services under paragraph (a), clauses (1), (2), and (4). Relocation service coordination includes services under paragraph (a), clauses (3) and (5) to (8). Home care targeted case management includes services under paragraph (a), clauses (1) to (8).

Sec. 3. Minnesota Statutes 2006, section 256B.0621, subdivision 10, is amended to read:

Subd. 10. **Payment rates.** The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts, in the lesser of:

(i) 180 days preceding an eligible recipient's discharge from an institution; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service;

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts; and

(3) billings for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 4. Minnesota Statutes 2007 Supplement, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case

management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

- (1) the costs of developing and implementing this section; and
- (2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

- (1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or
- (2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

#### Sec. 5. **[256B.0658] HOUSING ACCESS GRANTS.**

The commissioner of human services shall award through a competitive process contracts for grants to public and private agencies to support and assist individuals eligible for publicly funded home and community-based services, including state plan home care, to access housing. Grants may be awarded to agencies that may include, but are not limited to, the following supports: assessment to assure suitability of housing, accompanying an individual to look at housing, filling out applications and rental agreements, meeting with landlords, helping with Section 8 or other program applications, helping to develop a budget, obtaining furniture and household goods, if necessary, and assisting with any problems that may arise with housing.

Sec. 6. Minnesota Statutes 2006, section 256B.0924, subdivision 4, is amended to read:

Subd. 4. **Targeted case management service activities.** (a) For persons with developmental disabilities, targeted case management services must meet the provisions of section 256B.092.

(b) For persons not eligible as a person with a developmental disability, targeted case management service activities include:

- (1) an assessment of the person's need for targeted case management services;
- (2) the development of a written personal service plan;
- (3) a regular review and revision of the written personal service plan with the recipient and the recipient's legal representative, and others as identified by the recipient, to ensure access to necessary services and supports identified in the plan;
- (4) effective communication with the recipient and the recipient's legal representative and others identified by the recipient;
- (5) coordination of referrals for needed services with qualified providers;
- (6) coordination and monitoring of the overall service delivery to ensure the quality and effectiveness of services;
- (7) assistance to the recipient and the recipient's legal representative to help make an informed choice of services;
- (8) advocating on behalf of the recipient when service barriers are encountered or referring the recipient and the recipient's legal representative to an independent advocate;
- (9) monitoring and evaluating services identified in the personal service plan to ensure personal outcomes are met and to ensure satisfaction with services and service delivery;
- (10) conducting face-to-face monitoring with the recipient at least twice a year;
- (11) completing and maintaining necessary documentation that supports and verifies the activities in this section;
- (12) coordinating with the medical assistance facility discharge planner ~~in the 180-day period~~ prior to the recipient's discharge into the community; and
- (13) a personal service plan developed and reviewed at least annually with the recipient and the recipient's legal representative. The personal service plan must be revised when there is a change in the recipient's status. The personal service plan must identify:
  - (i) the desired personal short and long-term outcomes;
  - (ii) the recipient's preferences for services and supports, including development of a person-centered plan if requested; and
  - (iii) formal and informal services and supports based on areas of assessment, such as: social, health, mental health, residence, family, educational and vocational, safety, legal, self-determination, financial, and chemical health as determined by the recipient and the recipient's legal representative and the recipient's support network.

Sec. 7. Minnesota Statutes 2006, section 256B.0924, subdivision 6, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult, the provider must document at least one contact per month and not more than two consecutive months without a face-to-face contact with the adult or the adult's legal representative, family, primary caregiver, or

other relevant persons identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Payment for targeted case management provided by county staff under this subdivision shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20, except for calendar year 2002. In calendar year 2002, the rate for case management under this section shall be the same as the rate for adult mental health case management in effect as of December 31, 2001. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate negotiated by the host county. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county, except to reimburse the county for advance funding provided by the county to the vendor.

(d) If the service is provided by a team that includes contracted vendors and county staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team targeted case management and a description of the different roles of the team members.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county payments for the cost of case management services provided by county staff shall not be made to the commissioner of finance. For the purposes of targeted case management services provided by county staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year, or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties.

Sec. 8. Minnesota Statutes 2006, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. **Portion of nonfederal share to be paid by certain counties.** (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

~~(d) Beginning in 2003, in addition to any transfer under paragraphs (b) and (c), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$2,230. The provisions of paragraph (b) apply to transfers under this paragraph.~~

~~(e)~~ (d) The commissioner may reduce the intergovernmental transfers under paragraphs paragraph (c) ~~and (d)~~ based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c); and (d); ~~and (e)~~. Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c); and (d); ~~and (e)~~.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2006, section 256B.431, subdivision 23, is amended to read:

Subd. 23. **County nursing home payment adjustments.** (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, on that date, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility on that date.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

~~(d) Beginning in 2003, in addition to any payment under paragraphs (a) and (c), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$6.11 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.~~

~~(d)~~ (d) The commissioner may reduce payments under ~~paragraphs~~ paragraph (c) and ~~(d)~~ based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph ~~(e)~~ (d).

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 1, is amended to read:

Subdivision 1. **Rebasing of nursing facility operating ~~cost~~ payment rates.** (a) The commissioner shall rebase nursing facility operating ~~cost~~ payment rates to align payments to facilities with the cost of providing care. The rebased operating ~~cost~~ payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year.

(b) The new operating ~~cost~~ payment rates based on this section shall take effect beginning with the rate year beginning October 1, 2008, and shall be phased in over eight rate years through October 1, 2015. For each year of the phase-in, the operating payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year.

(c) Operating ~~cost~~ payment rates shall be rebased on October 1, 2016, and every two years after that date.

(d) Each cost reporting year shall begin on October 1 and end on the following September 30. Beginning in 2006, a statistical and cost report shall be filed by each nursing facility by January 15. Notice of rates shall be distributed by August 15 and the rates shall go into effect on October 1 for one year.

(e) Effective October 1, 2014, property rates shall be rebased in accordance with section 256B.431 and Minnesota Rules, chapter 9549. The commissioner shall determine what the property payment rate for a nursing facility would be had the facility not had its property rate determined under section 256B.434. The commissioner shall allow nursing facilities to provide information affecting this rate determination that would have been filed annually under Minnesota Rules, chapter 9549, and nursing facilities shall report information necessary to determine allowable debt. The commissioner shall use this information to determine the property payment rate.

Sec. 11. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 55, is amended to read:

Subd. 55. **Phase-in of rebased operating cost payment rates.** (a) For the rate years beginning October 1, 2008, to October 1, ~~2012~~ 2015, the operating cost payment rate calculated under this section shall be phased in by blending the operating cost rate with the operating cost payment rate determined under section 256B.434. For purposes of this subdivision, the rate to be used that is determined under section 256B.434 shall not include the portion of the operating payment rate related to performance-based incentive payments under section 256B.434, subdivision 4, paragraph (d). For the rate year beginning October 1, 2008, the operating cost payment rate for each facility shall be 13 percent of the operating cost payment rate from this section, and 87 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2009, the operating cost payment rate for each facility shall be 14 percent of the operating cost payment rate from this section, and 86 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2010, the operating cost payment rate for each facility shall be 14 percent of the operating cost payment rate from this section, and 86 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2011, the operating cost payment rate for each facility shall be 31 percent of the operating cost payment rate from this section, and 69 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2012, the operating cost payment rate for each facility shall be 48 percent of the operating cost payment rate from this section, and 52 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2013, the operating cost payment rate for each facility shall be 65 percent of the operating cost payment rate from this section, and 35 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2014, the operating cost payment rate for each facility shall be 82 percent of the operating cost payment rate from this section, and 18 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2015, the operating cost payment rate for each facility shall be the operating cost payment rate determined under this section. The blending of operating cost payment rates under this section shall be performed separately for each RUG's class.

(b) For the rate year beginning October 1, 2008, the commissioner shall apply limits to the operating payment rate increases under paragraph (a) by creating a minimum percentage increase and a maximum percentage increase.

(1) Each nursing facility that receives a blended October 1, 2008, operating payment rate increase under paragraph (a) of less than one percent, when compared to its operating payment rate on September 30, 2008, computed using rates with RUG's weight of 1.00, shall receive a rate adjustment of one percent.

(2) The commissioner shall determine a maximum percentage increase that will result in savings equal to the cost of allowing the minimum increase in clause (1). Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the maximum percentage increase.

(3) Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than one percent and less than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the blended October 1, 2008, operating payment rate increase determined under paragraph (a).

(4) The October 1, 2009, through October 1, 2015, operating payment rate for facilities receiving the maximum percentage increase determined in clause (2) shall be the amount determined under paragraph (a) less the difference between the amount determined under paragraph (a) for October 1, 2008, and the amount allowed under clause (2). This rate restriction does not apply to rate increases provided in any other section.

~~(b)~~ (c) A portion of the funds received under this subdivision that are in excess of operating ~~cost~~ payment rates that a facility would have received under section 256B.434, as determined in accordance with clauses (1) to (3), shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).

(1) Determine the amount of additional funding available to a facility, which shall be equal to total medical assistance resident days from the most recent reporting year times the difference between the blended rate determined in paragraph (a) for the rate year being computed and the blended rate for the prior year.

(2) Determine the portion of all operating costs, for the most recent reporting year, that are compensation related. If this value exceeds 75 percent, use 75 percent.

(3) Subtract the amount determined in clause (2) from 75 percent.

(4) The portion of the fund received under this subdivision that shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal the amount determined in clause (1) times the amount determined in clause (3).

Sec. 12. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 56, is amended to read:

Subd. 56. **Hold harmless.** For the rate years beginning October 1, 2008, to October 1, 2016, no nursing facility shall receive an operating cost payment rate less than its operating cost payment rate under section 256B.434. For rate years beginning between October 1, 2009, and October 1, 2015, no nursing facility shall receive an operating payment rate less than its operating payment rate in effect on September 30, 2009. The comparison of operating ~~cost~~ payment rates under this section shall be made for a RUG's rate with a weight of 1.00.

Sec. 13. Minnesota Statutes 2007 Supplement, section 256B.5012, subdivision 7, is amended to read:

Subd. 7. **ICF/MR rate increases effective October 1, 2007, and October 1, 2008.**

(a) For the rate year beginning October 1, 2007, the commissioner shall make available to each facility reimbursed under this section operating payment rate adjustments equal to 2.0 percent of the operating payment rates in effect on September 30, 2007. For the rate year beginning ~~July~~ October 1, 2008, the commissioner shall make available to each facility reimbursed under this section operating payment rate adjustments equal to 2.0 percent of the operating payment rates in effect on ~~June~~ September 30, 2008. For each facility, the commissioner shall make available an adjustment, based on occupied beds, using the percentage specified in this paragraph multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate, in effect on the preceding day. The total payment rate shall include the adjustment provided in section 256B.501, subdivision 12. A facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, is not eligible for an adjustment otherwise granted under this subdivision.

(b) Seventy-five percent of the money resulting from the rate adjustments under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the facility on or after the effective date of the rate adjustments, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the facility or exercises control over the facility; and

(3) persons paid by the facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for wage increases for all employees directly employed by the facility on or after the effective date of the rate adjustments, except those listed in paragraph (b), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. Only costs associated with the portion of the equal hourly percentage wage increase that goes to all employees shall qualify under this paragraph. Costs associated with wage increases in excess of the amount of the equal hourly percentage wage increase provided to all employees shall be allowed only for meeting the requirements in paragraph (b). This paragraph shall not apply to employees covered by a collective bargaining agreement.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustments under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to facilities effective October 1 of each year.

(f) Facilities may apply for the portion of the rate adjustments under paragraph (a) that is subject to the requirements in paragraphs (b) and (c). The application must be submitted to the commissioner within six months of the effective date of the rate adjustments, and the facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustments. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (b) and (c);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the facility will implement to use the funds available in clause (1);

(3) a description of how the facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be included in approved applications, comply with requirements in clauses (1) to (4):

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases effective after October 1, 2006, and prior to the first day of the facility's payroll period that includes October 1 of each year shall be allowed if they were not used in the prior year's application and they meet the requirements of paragraphs (b) and (c);

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1 of the year in which the rate adjustments are effective and prior to April 1 of the following year; and

(4) for facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter

of acceptance of the distribution plan, as regards members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2007. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this section as having been met in regard to the members of the bargaining unit.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustments under paragraphs (b) and (c) if the requirements of this subdivision have been met. The rate adjustments shall be effective October 1 of each year. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

Sec. 14. Minnesota Statutes 2006, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **Service delivery.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 in order to ensure appropriate health care is delivered to enrollees. Notwithstanding section 256B.0621, demonstration providers that provide nursing home and community-based services under this section shall provide relocation service coordination to enrolled persons age 65 and over;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

Sec. 15. Minnesota Statutes 2006, section 256D.44, subdivision 2, is amended to read:

Subd. 2. **Standard of assistance for persons eligible for medical assistance waivers or at risk of placement in a group residential housing facility.** The state standard of assistance for a person who: (1) is eligible for a medical assistance home and community-based services waiver or a person who; (2) has been determined by the local agency to meet the plan requirements for placement in a group residential housing facility under section 256I.04, subdivision 1a; or (3) is eligible for a shelter needy payment under subdivision 5, paragraph (f), is the standard established in subdivision 3, paragraph (a) or (b).

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:

- (1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;
- (2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;
- (3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;
- (4) low cholesterol diet, 25 percent of thrifty food plan;
- (5) high residue diet, 20 percent of thrifty food plan;
- (6) pregnancy and lactation diet, 35 percent of thrifty food plan;
- (7) gluten-free diet, 25 percent of thrifty food plan;
- (8) lactose-free diet, 25 percent of thrifty food plan;
- (9) antidumping diet, 15 percent of thrifty food plan;
- (10) hypoglycemic diet, 15 percent of thrifty food plan; or
- (11) ketogenic diet, 25 percent of thrifty food plan.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipient's gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This

special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

(f)(1) Notwithstanding the language in this subdivision, an amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of ~~January~~ July of the ~~previous~~ each year will be added to the standards of assistance established in subdivisions 1 to 4 for ~~individuals~~ adults under the age of 65 who qualify as shelter needy and are: (i) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622, and who are shelter needy; (ii) eligible for the self-directed supports option as defined under section 256B.0657, subdivision 2; or (iii) home and community-based waiver recipients living in their own home or rented or leased apartment which is not owned, operated, or controlled by a provider of service not related by blood or marriage.

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 17. Laws 2007, chapter 147, article 7, section 71, is amended to read:

Sec. 71. **PROVIDER RATE INCREASES.**

(a) The commissioner of human services shall increase allocations, reimbursement rates, or rate limits, as applicable, by 2.0 percent beginning October 1, 2007, and by 2.0 percent beginning ~~July~~ October 1, 2008, effective for services rendered on or after those dates. County contracts for services specified in this section must be amended to pass through these rate adjustments within 60 days of the effective date of the increase and must be retroactive from the effective date of the rate adjustment.

(b) The annual rate increases described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities or related conditions, including consumer-directed community supports, under Minnesota Statutes, section 256B.501;

(2) home and community-based waived services for the elderly, including consumer-directed community supports, under Minnesota Statutes, section 256B.0915;

(3) waived services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) community alternative care waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

- (5) traumatic brain injury waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;
- (6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;
- (7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a;
- (8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;
- (9) day training and habilitation services for adults with developmental disabilities or related conditions under Minnesota Statutes, sections 252.40 to 252.46, including the additional cost of rate adjustments on day training and habilitation services, provided as a social service under Minnesota Statutes, section 256M.60;
- (10) alternative care services under Minnesota Statutes, section 256B.0913;
- (11) adult residential program grants under Minnesota Statutes, section 245.73;
- (12) children's community-based mental health services grants and adult community support and case management services grants under Minnesota Rules, parts 9535.1700 to 9535.1760;
- (13) the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a;
- (14) adult mental health integrated fund grants under Minnesota Statutes, section 245.4661;
- (15) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I;
- (16) community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication under Minnesota Statutes, section 256.01, subdivision 2; and deaf and hard-of-hearing grants under Minnesota Statutes, sections 256C.233 and 256C.25; Laws 1985, chapter 9, article 1; and Laws 1997, First Special Session chapter 5, section 20;
- (17) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;
- (18) physical therapy services under sections 256B.0625, subdivision 8, and 256D.03, subdivision 4;
- (19) occupational therapy services under sections 256B.0625, subdivision 8a, and 256D.03, subdivision 4;
- (20) speech-language therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0390;
- (21) respiratory therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0295;
- (22) adult rehabilitative mental health services under section 256B.0623;
- (23) children's therapeutic services and support services under section 256B.0943;

(24) tier I chemical health services under Minnesota Statutes, chapter 254B;

(25) consumer support grants under Minnesota Statutes, section 256.476;

(26) family support grants under Minnesota Statutes, section 252.32;

(27) grants for case management services to persons with HIV or AIDS under Minnesota Statutes, section 256.01, subdivision 19; and

(28) aging grants under Minnesota Statutes, sections 256.975 to 256.977, 256B.0917, and 256B.0928.

(c) For services funded through Minnesota disability health options, the rate increases under this section apply to all medical assistance payments, including former group residential housing supplementary rates under Minnesota Statutes, chapter 256I.

(d) The commissioner may recoup payments made under this section from a provider that does not comply with paragraphs (f) and (g).

(e) A managed care plan receiving state payments for the services in this section must include these increases in their payments to providers on a prospective basis, effective on January 1 following the effective date of the rate increase.

(f) Providers that receive a rate increase under this section shall use 75 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after the effective date of the rate adjustments, except:

(1) the administrator;

(2) persons employed in the central office of a corporation or entity that has an ownership interest in the provider or exercises control over the provider; and

(3) persons paid by the provider under a management contract.

Compensation-related costs include: wages and salaries; FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation; and the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions.

(g) Two-thirds of the money available under paragraph (f) must be used for wage increases for all employees directly employed by the provider on or after the effective date of the rate adjustments, except those listed in paragraph (f), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. This paragraph shall not apply to employees covered by a collective bargaining agreement.

(h) For public employees, the increase for wages and benefits for certain staff is available and pay rates must be increased only to the extent that they comply with laws governing public employees collective bargaining. Money received by a provider for pay increases under this section may be used only for increases implemented on or after the first day of the rate period in which the increase is available and must not be used for increases implemented prior to that date.

(i) The commissioner shall amend state grant contracts that include direct personnel-related grant expenditures to include the allocation for the portion of the contract that is employee compensation related. Grant contracts for compensation-related services

must be amended to pass through these adjustments within 60 days of the effective date of the increase and must be retroactive to the effective date of the rate adjustment.

(j) The Board on Aging and its Area Agencies on Aging shall amend their grants that include direct personnel-related grant expenditures to include the rate adjustment for the portion of the grant that is employee compensation related. Grants for compensation-related services must be amended to pass through these adjustments within 60 days of the effective date of the increase and must be retroactive to the effective date of the rate adjustment.

(k) The calendar year 2008 rate for vendors reimbursed under Minnesota Statutes, chapter 254B, shall be at least 2.0 percent above the rate in effect on January 1, 2007. The calendar year 2009 rate shall be at least 2.0 percent above the rate in effect on January 1, 2008.

(l) Providers that receive a rate adjustment under paragraph (a) that is subject to paragraphs (f) and (g) shall provide to the commissioner, and those counties with whom they have a contract, within six months after the effective date of each rate adjustment, a letter, in a format specified by the commissioner, that provides assurances that the provider has developed and implemented a compensation plan and complied with paragraphs (f) and (g). The provider shall keep on file, and produce for the commissioner or county upon request, its plan, which must specify:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (f) and (g); and

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the provider will implement to use the funds available in clause (1).

(m) Within six months after the effective date of each rate adjustment, the provider shall post this plan, excluding the information required in paragraph (l), clause (1), for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access and provide instructions for employees who believe they have not received the wage and other compensation-related increases specified in paragraph (l), clause (2). Instructions must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative. Providers shall also make assurances to the commissioner and counties with whom they have a contract that they have complied with the requirement in this paragraph.

#### Sec. 18. **MORATORIUM EXCEPTION PROPOSAL; WAIVER.**

The commissioner of health may waive the six-mile limit in Minnesota Statutes, section 144A.073, subdivision 5, paragraph (e), when considering a moratorium exception proposal submitted under Minnesota Statutes, section 144A.073, to allow a nursing facility providing specialty care in Minneapolis to close and relocate beds to a new facility in Robbinsdale under common ownership.

### ARTICLE 16

#### CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2007 Supplement, section 256.741, subdivision 1, is amended to read:

Subdivision 1. **Public assistance Definitions.** (a) The term "direct support" as used in this chapter and chapters 257, 518, 518A, and 518C refers to an assigned support payment from an obligor which is paid directly to a recipient of ~~TANF or MFIP~~ public assistance.

(b) The term "public assistance" as used in this chapter and chapters 257, 518, 518A, and 518C, includes any form of assistance provided under the AFDC program formerly codified in sections 256.72 to 256.87, MFIP and MFIP-R formerly codified under chapter 256, MFIP under chapter 256J, work first program formerly codified under chapter 256K; child care assistance provided through the child care fund under chapter 119B; any form of medical assistance under chapter 256B; MinnesotaCare under chapter 256L; and foster care as provided under title IV-E of the Social Security Act.

(c) The term "child support agency" as used in this section refers to the public authority responsible for child support enforcement.

(d) The term "public assistance agency" as used in this section refers to a public authority providing public assistance to an individual.

(e) The terms "child support" and "arrear" as used in this section have the meanings provided in section 518A.26.

(f) The term "maintenance" as used in this section has the meaning provided in section 518.003.

Sec. 2. Minnesota Statutes 2006, section 256.741, subdivision 2, is amended to read:

Subd. 2. **Assignment of support and maintenance rights.** (a) An individual receiving public assistance in the form of assistance under any of the following programs: the AFDC program formerly codified in sections 256.72 to 256.87, MFIP under chapter 256J, MFIP-R and MFIP formerly codified under chapter 256, or work first program formerly codified under chapter 256K is considered to have assigned to the state at the time of application all rights to child support and maintenance from any other person the applicant or recipient may have in the individual's own behalf or in the behalf of any other family member for whom application for public assistance is made. An assistance unit is ineligible for the Minnesota family investment program unless the caregiver assigns all rights to child support and ~~spousal~~ maintenance benefits according to this section.

(1) ~~An~~ The assignment made according to this section is effective as to:

~~(i) any current child support and current spousal maintenance, and~~

~~(ii) any accrued child support and spousal maintenance arrears.~~

(2) ~~An assignment made after September 30, 1997, is effective as to:~~

~~(i) any current child support and current spousal maintenance;~~

~~(ii) any accrued child support and spousal maintenance arrears collected before October 1, 2000, or the date the individual terminates assistance, whichever is later; and~~

~~(iii) any accrued child support and spousal maintenance arrears collected under federal tax intercept.~~

(2) Any child support or maintenance arrears that accrue while an individual is receiving public assistance in the form of assistance under any of the programs listed in this paragraph are permanently assigned to the state.

(3) The assignment of current child support and current maintenance ends on the date the individual ceases to receive or is no longer eligible to receive public assistance under any of the programs listed in this paragraph.

(b) An individual receiving public assistance in the form of medical assistance, including MinnesotaCare, is considered to have assigned to the state at the time of application all rights to medical support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom medical assistance is provided.

(1) An assignment made after September 30, 1997, is effective as to any medical support accruing after the date of medical assistance or MinnesotaCare eligibility.

(2) Any medical support arrears that accrue while an individual is receiving public assistance in the form of medical assistance, including MinnesotaCare, are permanently assigned to the state.

(3) The assignment of current medical support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of medical assistance or MinnesotaCare.

(c) An individual receiving public assistance in the form of child care assistance under the child care fund pursuant to chapter 119B is considered to have assigned to the state at the time of application all rights to child care support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom child care assistance is provided.

~~Am (1) The assignment made according to this paragraph is effective as to:~~

~~(+) any current child care support and any child care support arrears assigned and accruing after July 1, 1997, that are collected before October 1, 2000, and~~

~~(2) any accrued child care support arrears collected under federal tax intercept. Any child care support arrears that accrue while an individual is receiving public assistance in the form of child care assistance under the child care fund in chapter 119B are permanently assigned to the state.~~

(3) The assignment of current child care support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of child care assistance under the child care fund under chapter 119B.

Sec. 3. Minnesota Statutes 2006, section 256.741, subdivision 2a, is amended to read:

Subd. 2a. **Families-first Distribution of child support arrearages.** (a) The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

(b) When the public authority collects child support arrearages on behalf of an individual who is receiving public assistance provided under MFIP or MFIP-R under this chapter, MFIP under chapter 256J, or work first under chapter 256K, and the public authority has the option of applying the collection to arrears permanently assigned to the state or to arrears temporarily assigned to the state, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

(c) When the public authority collects child support arrearages on behalf of an individual who is not receiving public assistance, the public authority shall first apply the collection to satisfy those arrears that are not permanently assigned to the state.

(d) When the public authority collects child support arrearages certified under the federal tax offset, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

Sec. 4. Minnesota Statutes 2006, section 256.741, subdivision 3, is amended to read:

Subd. 3. **Existing assignments.** Assignments based on the receipt of public assistance in existence prior to July 1, 1997, are permanently assigned to the state. Arrears that accrued prior to the receipt of assistance that were assigned to the state between July 1, 1997, and October 1, 2009, must no longer be assigned as of October 1, 2009.

**EFFECTIVE DATE.** This section is effective October 1, 2009.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256J.621, is amended to read:

**256J.621 WORK PARTICIPATION ~~BONUS~~ CASH BENEFITS.**

(a) Effective October 1, 2009, upon exiting the diversionary work program (DWP) or upon terminating ~~MFIP cash assistance~~ the Minnesota family investment program with earnings, a participant who is employed may be eligible for ~~transitional assistance~~ work participation cash benefits of \$75 per month to assist in meeting the family's basic needs as the participant continues to move toward self-sufficiency.

(b) To be eligible for ~~a transitional assistance payment~~ work participation cash benefits, the participant shall not receive MFIP ~~cash assistance~~ or diversionary work program assistance during the month and the participant or participants must meet the following work requirements:

(1) if the participant is a single caregiver and has a child under six years of age, the participant must be employed at least 87 hours per month;

(2) if the participant is a single caregiver and does not have a child under six years of age, the participant must be employed at least 130 hours per month; or

(3) if the household is a two-parent family, at least one of the parents must be employed an average of at least 130 hours per month.

Whenever a participant exits the diversionary work program or is terminated from MFIP ~~cash assistance~~ and meets the other criteria in this section, ~~transitional assistance is~~ work participation cash benefits are available for up to 24 consecutive months.

(c) Expenditures on the program are maintenance of effort state funds for participants under paragraph (b), clauses (1) and (2). Expenditures for participants under paragraph (b), clause (3), are nonmaintenance of effort funds. Months in which a participant receives ~~transitional assistance~~ work participation cash benefits under this section do not count toward the participant's MFIP 60-month time limit.

Sec. 6. Minnesota Statutes 2006, section 518A.50, is amended to read:

**518A.50 PAYMENT TO PUBLIC AGENCY.**

(a) This section applies to all proceedings involving a support order, including, but not limited to, a support order establishing an order for past support or reimbursement of public assistance.

(b) The court shall direct that all payments ordered for maintenance or support be made to the public authority responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support or maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement, including the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments.

(c) Payments made to the public authority ~~other than payments under section 518A.53~~ must be credited as of the date the payment is received by the central collections unit, except that payments made under section 518A.53 may be considered to have been paid as of the date the obligor received the remainder of the income.

(d) Monthly amounts received by the public agency responsible for child support enforcement from the obligor that are greater than the monthly amount of public assistance granted to the obligee must be remitted to the obligee.

**EFFECTIVE DATE.** This section is effective October 1, 2009.

Sec. 7. Minnesota Statutes 2006, section 518A.53, subdivision 5, is amended to read:

Subd. 5. **Payor of funds responsibilities.** (a) An order for or notice of withholding is binding on a payor of funds upon receipt. Withholding must begin no later than the first pay period that occurs after 14 days following the date of receipt of the order for or notice of withholding. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule.

(b) A payor of funds shall withhold from the income payable to the obligor the amount specified in the order or notice of withholding and amounts specified under subdivisions 6 and 9 and shall remit the amounts withheld to the public authority within seven business days of the date the obligor is paid the remainder of the income. The payor of funds shall include with the remittance the Social Security number of the obligor, the case type indicator as provided by the public authority and the date the obligor is paid the remainder of the income. ~~The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income.~~ A payor of funds may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.

(c) A payor of funds shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of wage or salary withholding authorized by this section. A payor of funds shall be liable to the obligee for any amounts required to be withheld. A payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. A payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. A payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under

section 518A.73. If the payor of funds is an employer or independent contractor and violates this subdivision, a court may award the obligor twice the wages lost as a result of this violation. If a court finds a payor of funds violated this subdivision, the court shall impose a civil fine of not less than \$500. The liabilities in this paragraph apply to intentional noncompliance with this section.

(d) If a single employee is subject to multiple withholding orders or multiple notices of withholding for the support of more than one child, the payor of funds shall comply with all of the orders or notices to the extent that the total amount withheld from the obligor's income does not exceed the limits imposed under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b), giving priority to amounts designated in each order or notice as current support as follows:

(1) if the total of the amounts designated in the orders for or notices of withholding as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order or notice an amount for current support equal to the amount designated in that order or notice as current support, divided by the total of the amounts designated in the orders or notices as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders for or notices of withholding as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order or notice an amount for past due support, equal to the amount designated in that order or notice as past due support, divided by the total of the amounts designated in the orders or notices as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(e) When an order for or notice of withholding is in effect and the obligor's employment is terminated, the obligor and the payor of funds shall notify the public authority of the termination within ten days of the termination date. The termination notice shall include the obligor's home address and the name and address of the obligor's new payor of funds, if known.

(f) A payor of funds may deduct one dollar from the obligor's remaining salary for each payment made pursuant to an order for or notice of withholding under this section to cover the expenses of withholding.

**EFFECTIVE DATE.** This section is effective October 1, 2009.

Sec. 8. **REPEALER.**

Minnesota Statutes 2006, section 256.741, subdivision 15, is repealed.

**ARTICLE 17**  
**HEALTH CARE**

Section 1. **[62U.10] HEALTH CARE TRANSFER, SAVINGS, AND REPAYMENT.**

Subdivision 1. **Health care access fund transfer.** On June 30, 2009, the commissioner of finance shall transfer \$50,000,000 from the health care access fund to the general fund.

Subd. 2. **Projected spending baseline.** (a) By June 1, 2009, the commissioner of health shall calculate the annual projected total private and public health care spending for residents of this state and establish a health care spending baseline, beginning for calendar year 2008 and for the next ten years based on the annual projected growth in spending.

(b) In establishing the health care spending baseline, the commissioner shall use the Centers for Medicare and Medicaid Services forecast for total growth in national health care expenditures and adjust this forecast to reflect the demographics, health status, and other factors deemed necessary by the commissioner. The commissioner shall contract with an actuarial consultant to make recommendations for the adjustments needed to specifically reflect projected spending for residents of this state.

(c) The commissioner may adjust the projected baseline as necessary to reflect any updated federal projections or account for unanticipated changes in federal policy.

(d) Medicare and long-term care spending must not be included in the calculations required under this section.

Subd. 3. **Actual spending and savings determination.** By June 1, 2010, and each June 1 thereafter until June 1, 2020, the commissioner of health shall determine the actual total private and public health care spending for residents of this state for the calendar year two years before the current calendar year, based on data collected under chapter 62J, and shall determine the difference between the projected spending, as determined under subdivision 2, and the actual spending for that year. The actual spending must be certified by an independent actuarial consultant. If the actual spending is less than the projected spending, the commissioner shall determine, based on the proportion of spending for state-administered health care programs to total private and public health care spending for the calendar year two years before the current calendar year, the percentage of the calculated aggregate savings amount accruing to state-administered health care programs.

Subd. 4. **Repayment of transfer.** When accumulated savings accruing to state-administered health care programs, as calculated under subdivision 3, meet or exceed \$50,000,000, the commissioner of health shall certify that event to the commissioner of finance. In the next fiscal year following the certification, the commissioner of finance shall transfer \$50,000,000 from the general fund to the health care access fund. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance.

Subd. 5. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Public health care spending" means spending for a state-administered health care program.

(c) "State-administered health care program" means medical assistance, MinnesotaCare, general assistance medical care, and the state employee group insurance program.

## Sec. 2. **[144.058] INTERPRETER SERVICES QUALITY INITIATIVE.**

(a) The commissioner of health shall establish a voluntary statewide roster, and develop a plan for a registry and certification process for interpreters who provide high quality, spoken language health care interpreter services. The roster, registry, and certification process shall be based on the findings and recommendations set forth by

the Interpreter Services Work Group required under Laws 2007, chapter 147, article 12, section 13.

(b) By January 1, 2009, the commissioner shall establish a roster of all available interpreters to address access concerns, particularly in rural areas.

(c) By January 15, 2010, the commissioner shall:

(1) develop a plan for a registry of spoken language health care interpreters, including:

(i) development of standards for registration that set forth educational requirements, training requirements, demonstration of language proficiency and interpreting skills, agreement to abide by a code of ethics, and a criminal background check;

(ii) recommendations for appropriate alternate requirements in languages for which testing and training programs do not exist;

(iii) recommendations for appropriate fees; and

(iv) recommendations for establishing and maintaining the standards for inclusion in the registry; and

(2) develop a plan for implementing a certification process based on national testing and certification processes for spoken language interpreters 12 months after the establishment of a national certification process.

(d) The commissioner shall consult with the Interpreter Stakeholder Group of the Upper Midwest Translators and Interpreters Association for advice on the standards required to plan for the development of a registry and certification process.

(e) The commissioner shall charge an annual fee of \$50 to include an interpreter in the roster. Fee revenue shall be deposited in the state government special revenue fund.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2007 Supplement, section 144E.45, subdivision 2, is amended to read:

Subd. 2. **Potential allocations.** (a) On November 1, annually, the board or the board's designee under section 144E.40, subdivision 2, shall determine the amount of the allocation of the prior year's accumulation to each qualified ambulance service person. The prior year's net investment gain or loss under paragraph (b) must be allocated and that year's general fund appropriation, plus any transfer from the Cooper/Sams volunteer ambulance account under section 144E.42, subdivision 2, and after deduction of administrative expenses, also must be allocated.

(b) The difference in the market value of the assets of the Cooper/Sams volunteer ambulance trust account as of the immediately previous June 30 and the June 30 occurring 12 months earlier must be reported on or before August 15 by the State Board of Investment. The market value gain or loss must be expressed as a percentage of the total potential award accumulations as of the immediately previous June 30, and that positive or negative percentage must be applied to increase or decrease the recorded potential award accumulation of each qualified ambulance service person.

(c) The appropriation for this purpose, after deduction of administrative expenses, must be divided by the total number of additional ambulance service personnel years

of service recognized since the last allocation or 1,000 years of service, whichever is greater. If the allocation is based on the 1,000 years of service, any allocation not made for a qualified ambulance service person must be credited to the Cooper/Sams volunteer ambulance account under section 144E.42, subdivision 2. A qualified ambulance service person must be credited with a year of service if the person is certified by the chief administrative officer of the ambulance service as having rendered active ambulance service during the 12 months ending as of the immediately previous June 30. If the person has rendered prior active ambulance service, the person must be additionally credited with one-fifth of a year of service for each year of active ambulance service rendered before June 30, 1993, but not to exceed in any year one additional year of service or to exceed in total five years of prior service. Prior active ambulance service means employment by or the provision of service to a licensed ambulance service before June 30, 1993, as determined by the person's current ambulance service based on records provided by the person that were contemporaneous to the service. The prior ambulance service must be reported on or before August 1 to the board in an affidavit from the chief administrative officer of the ambulance service.

(d) Effective July 1, 2008, notwithstanding paragraphs (a) to (c), the value of each service credit shall be \$447.19.

Sec. 4. Minnesota Statutes 2006, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** To the extent funds are available for the purposes of this subdivision, the commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of education, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California Department of Health Services for general guidance in developing and implementing the program.

Sec. 5. Minnesota Statutes 2006, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, ~~and~~ January 1, 2005, and for the first 24 months of the rebased period beginning January 1, 2009. The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments.

Sec. 6. Minnesota Statutes 2006, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, and facilities defined under subdivision 16 are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after July 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical

assistance does not include general assistance medical care. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2010, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2010, to reflect this reduction.

Sec. 7. Minnesota Statutes 2006, section 256B.0571, subdivision 8, is amended to read:

Subd. 8. **Program established.** (a) The commissioner, in cooperation with the commissioner of commerce, shall establish the Minnesota partnership for long-term care program to provide for the financing of long-term care through a combination of private insurance and medical assistance.

(b) An individual who meets the requirements in this paragraph is eligible to participate in the partnership program. The individual must:

(1) be a Minnesota resident at the time coverage first became effective under the partnership policy; and

(2) be a beneficiary of a partnership policy that (i) is issued on or after the effective date of the state plan amendment implementing the partnership program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of subdivision 8a; and

~~(3) have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.~~

Sec. 8. Minnesota Statutes 2006, section 256B.0571, subdivision 9, is amended to read:

Subd. 9. **Medical assistance eligibility.** (a) Upon application for medical assistance program payment of long-term care services by an individual who meets the requirements described in subdivision 8, the commissioner shall determine the individual's eligibility for medical assistance according to paragraphs (b) to (i).

(b) After determining assets subject to the asset limit under section 256B.056, subdivision 3 or 3c, or 256B.057, subdivision 9 or 10, the commissioner shall allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 up to the dollar amount of the benefits utilized under the partnership policy as of the effective date of eligibility for medical assistance program payment of long-term care services. Benefits utilized under a long-term care insurance policy before July 1, 2006, do not count for the purpose of determining the amount of assets that can be designated. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services. The dollar amount of benefits utilized must be equal to the amount of claims paid by the issuer under the policy as verified by the issuer.

(c) The individual shall identify the designated assets and the full fair market value of those assets and designate them as assets to be protected at the time of ~~initial~~ application for medical assistance payment of long-term care services. The full fair market value of real property or interests in real property shall be based on the most recent full assessed value for property tax purposes for the real property, unless the individual provides a complete professional appraisal by a licensed appraiser to establish the full fair market value. The extent of a life estate in real property shall be determined using the life estate table in the health care program's manual. Ownership of any asset in joint tenancy shall be treated as ownership as tenants in common for purposes of its designation as a disregarded asset. The unprotected value of any protected asset is subject to estate recovery according to subdivisions 13 and 15.

(d) The right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided in subdivisions 13 and 15. It does not include the increase in the value of the protected asset and the income, dividends, or profits from the asset. It may be exercised by the individual or by anyone with the legal authority to do so on the individual's behalf. It shall not be sold, assigned, transferred, or given away.

~~(e) If the dollar amount of the benefits utilized under a partnership policy is greater than the full fair market value of all assets protected at the time of the application for medical assistance long-term care services, As the individual continues to utilize benefits under a partnership policy after eligibility for medical assistance payment of long-term care services begins, the individual may designate, for additional protection, an increase in the value of protected assets and additional assets that become available during the individual's lifetime for protection under this section up to the amount of additional benefits utilized. The individual must make the designation in writing to the county agency no later than the last date on which the individual must report a change in circumstances to the county agency, as provided for under the medical assistance program. Any excess used for this purpose shall not be available to the individual's estate to protect assets in the estate from recovery under section 256B.15 or 524.3-1202, or otherwise. The amount used for this purpose must reduce the unused amount of asset protection available to protect assets in the individual's estate from recovery under section 256B.15 or 524.3-1202, or otherwise.~~

(f) This section applies only to estate recovery under United States Code, title 42, section 1396p, subsections (a) and (b), and does not apply to recovery authorized by other provisions of federal law, including, but not limited to, recovery from trusts under United States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of the Deficit Reduction Act of 2005, Public Law 109-171.

(g) An individual's protected assets owned by the individual's spouse who applies for payment of medical assistance long-term care services shall not be protected assets or disregarded for purposes of eligibility of the individual's spouse solely because they were protected assets of the individual.

(h) Assets designated under this subdivision shall not be subject to penalty under section 256B.0595.

(i) The commissioner shall otherwise determine the individual's eligibility for payment of long-term care services according to medical assistance eligibility requirements.

Sec. 9. Minnesota Statutes 2006, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Effective July 1, 2008, the actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus ~~12~~ 14 percent. The actual acquisition cost of antihemophilic factor drugs shall be estimated at the average wholesale price minus 30 percent. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(c) Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, or on the maximum allowable cost established by the commissioner.

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider or the amount established for Medicare by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act.

(e) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 10. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003, and before January 1, 2009:

(1) \$3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) \$6 for nonemergency visits to a hospital-based emergency room; and

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after January 1, 2009:

- (1) \$6 for nonemergency visits to a hospital-based emergency room; ~~and~~
- (2) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$7 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; ~~and~~
- (3) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly co-payments must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on co-payments.
- (c) Recipients of medical assistance are responsible for all co-payments in this subdivision.

Sec. 11. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 3, is amended to read:

Subd. 3. **Collection.** (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that ~~reimbursement for prescription drugs reimbursements~~ shall not be reduced:

(1) once a recipient has reached the \$12 per month maximum or the \$7 per month maximum effective January 1, 2009, for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent co-payment limit.

(b) The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of the co-payments effective January 1, 2009.

Sec. 12. **[256B.194] FEDERAL PAYMENTS.**

The commissioner may require medical assistance and MinnesotaCare providers to provide any information necessary to determine Medicaid-related costs, and require the cooperation of providers in any audit or review necessary to ensure payments are limited to cost. This section does not apply to providers who are exempt from the provisions of the CMS final rule, published May 29, 2007, at Federal Register, Vol. 72, No. 100, governing payments to providers that are units of government. This section becomes effective when the CMS final rule goes into effect at the end of the moratorium imposed by Congress.

Sec. 13. Minnesota Statutes 2006, section 256B.32, subdivision 1, is amended to read:

Subdivision 1. **Facility fee for hospital emergency room and clinic visit.** (a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department-approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(d) In addition to the reductions in paragraphs (b) and (c), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 14. Minnesota Statutes 2006, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(d)(1) Effective for services rendered on or after January 1, 2009, the commissioner shall withhold three percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(2) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under

this paragraph. The return of the withhold under this paragraph is not subject to the requirements of paragraph (c).

Sec. 15. Minnesota Statutes 2006, section 256B.75, is amended to read:

**256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.**

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (10), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(f) In addition to the reductions in paragraphs (d) and (e), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.



<u>Health Care Access</u>	<u>-0-</u>	<u>(770,000)</u>
<u>Federal TANF</u>	<u>29,919,000</u>	<u>56,356,000</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

**Additional Working Family Credit Expenditures to be Claimed for TANF/MOE.** In addition to the transfer under prior law, the commissioner may count the following amounts of working family credit expenditure as TANF/MOE:

- (1) \$21,085,000 in fiscal year 2008;
- (2) \$48,408,000 in fiscal year 2009;
- (3) (\$468,000) in fiscal year 2010; and
- (4) (\$19,000) in fiscal year 2011.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2011.

#### **Subd. 2. Agency Management**

<u>Financial Operations</u>	<u>-0-</u>	<u>(5,867,000)</u>
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**Transfer from Special Revenue Fund.** \$1,098,000 of the amount transferred into the special revenue fund from nongrant operating balances of general fund appropriations carried forward under Laws 2007, chapter 147, article 19, section 20, must be transferred to the general fund by June 30, 2009.

**Base Adjustment.** The general fund base is increased \$23,000 in fiscal year 2010 and \$26,000 in fiscal year 2011.

#### **Subd. 3. Revenue and Pass-Through Revenue Expenditures**

<u>Federal TANF</u>	<u>-0-</u>	<u>950,000</u>
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**TANF Transfer to Federal Child Care and Development Fund.** The following TANF fund amounts are appropriated to the commissioner for the purposes of MFIP and transition year child care under Minnesota Statutes, section 119B.05:

(1) fiscal year 2009, \$950,000; and

(2) fiscal year 2010, \$1,085,000.

The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

**Subd. 4. Children and Economic Assistance Grants**

**(a) MFIP/DWP Grants**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>(29,919,000)</u>	<u>(50,060,000)</u>
<u>Federal TANF</u>	<u>29,919,000</u>	<u>47,946,000</u>

These appropriation adjustments replace the appropriation adjustments in Laws 2008, chapter 232.

**(b) Support Services Grants; TANF** -0- 7,100,000

**Supported Work.** (1) Of the TANF appropriation, \$7,100,000 in fiscal year 2009 is for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (1) and (2) and is available until expended. This appropriation shall become part of base level funding to the commissioner for the biennium beginning July 1, 2009. Paid transitional work experience and other supported employment under this clause shall provide a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. The base for this program shall be \$7,100,000 in fiscal year 2010 and zero in fiscal year 2011.

(2) A county or tribe is eligible to receive an allocation under clause (1) if:

(i) the county or tribe is not meeting the federal work participation rate;

(ii) the county or tribe has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(iii) the county or tribe has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county or tribe has determined that the participant would benefit from working in a supported work environment.

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. Grants to counties and tribes under this clause are specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer cannot or will not offer more hours to the participant.

**(c) Basic Sliding Fee Child Care Assistance Grants**

-0-

(9,227,000)

**Child Care and Development Fund Unexpended Balance.** In addition to the amount provided in this section, the commissioner shall expend \$9,227,000 in fiscal year 2009 from the federal child care and development fund unexpended balance for basic sliding fee child care under Minnesota Statutes, section 119B.03. The commissioner shall ensure that all child care and development funds are expended according to the federal child care and development fund regulations.

**Base Adjustment.** The general fund base is increased by \$9,444,000 in fiscal year 2010 and \$9,227,000 in fiscal year 2011.

**(d) Child Care Development Grants****-0-****(360,000)**

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund child care development grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Prekindergarten Exploratory Projects.**

Of this appropriation reduction, \$250,000 in fiscal year 2009 is from the general fund appropriation for prekindergarten exploratory projects in Laws 2007, chapter 147, article 19, section 3, subdivision 4, paragraph (e).

**Base Adjustment.** Of the general fund reduction, \$328,000 is onetime.

**(e) Children's Services Grants****(311,000)****(1,898,000)**

**Base Adjustment.** The general fund base is increased by \$1,688,000 in each year of the fiscal year 2010 and 2011 biennium.

**Funding Usage.** Up to 75 percent of the fiscal year 2010 appropriation for children's mental health screening grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund children's services grants issued under this paragraph, excluding children's mental health grants, adoption assistance grants, and relative custody assistance grants, shall be reduced by 1.8 percent at the allotment level.

**(f) Children and Community Services Grants****-0-****(1,345,000)**

**Base Adjustment.** The general fund base is decreased by \$98,000 in each year of the fiscal year 2010 and 2011 biennium.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund children and community services grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

<b><u>(g) Minnesota Supplemental Aid Grants</u></b>	<b><u>-0-</u></b>	<b><u>201,000</u></b>
<b><u>(h) Group Residential Housing Grants</u></b>	<b><u>-0-</u></b>	<b><u>(133,000)</u></b>

**(i) Other Children's and Economic Assistance Grants**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>352,000</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>360,000</u>

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund other children's and economic assistance grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

The base for grants impacted by this reduction shall increase by \$4,000 in fiscal year 2010 and \$14,000 in fiscal year 2011.

**Foodshelf Programs.** Of the general fund appropriation, \$500,000 in fiscal year 2009 is for foodshelf programs under Minnesota Statutes, section 256E.34. This is a onetime appropriation and is available until expended.

**Long-Term Homeless Supportive Services.** \$145,000 from the general fund and \$360,000 from TANF in fiscal year 2009 is for the long-term homeless supportive services fund under Minnesota Statutes, section 256K.26. This is a onetime appropriation and is available until expended.

**Subd. 5. Basic Health Care Grants**

**(a) MinnesotaCare Grants**

<b><u>Health Care Access</u></b>	<b><u>-0-</u></b>	<b><u>(770,000)</u></b>
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**Incentive Program and Outreach Grants.** Of the appropriation for the Minnesota health care outreach program in Laws 2007, chapter 147, article 19, section 3, subdivision 7, paragraph (b):

(1) \$400,000 in fiscal year 2009 from the general fund and \$200,000 in fiscal year 2009 from the health care access fund are for the

incentive program under Minnesota Statutes, section 256.962, subdivision 5. For the biennium beginning July 1, 2009, base level funding for this activity shall be \$360,000 from the general fund and \$160,000 from the health care access fund; and

(2) \$100,000 in fiscal year 2009 from the general fund and \$50,000 in fiscal year 2009 from the health care access fund are for the outreach grants under Minnesota Statutes, section 256.962, subdivision 2. For the biennium beginning July 1, 2009, base level funding for this activity shall be \$90,000 from the general fund and \$40,000 from the health care access fund.

**(b) MA Basic Health Care Grants - Families and Children**

-0-

(17,280,000)

**Third-Party Liability.** (a) During fiscal year 2009, the commissioner shall employ a contractor paid on a percentage basis to improve third-party collections. Improvement initiatives may include, but not be limited to, efforts to improve postpayment collection from nonresponsive claims and efforts to uncover third-party payers the commissioner has been unable to identify.

(b) In fiscal year 2009, the first \$1,098,000 of recoveries, after contract payments and federal repayments, is appropriated to the commissioner for technology-related expenses.

**Administrative Costs.** (a) For contracts effective on or after January 1, 2009, the commissioner shall limit aggregate administrative costs paid to managed care plans under Minnesota Statutes, section 256B.69, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, to an overall average of 6.6 percent of total contract payments under Minnesota Statutes, sections 256B.69 and 256B.692, for each calendar year. For purposes of this paragraph, administrative costs do not include premium taxes paid under Minnesota Statutes, section 2971.05, subdivision 5, and provider surcharges paid

under Minnesota Statutes, section 256.9657, subdivision 3.

(b) Notwithstanding any law to the contrary, the commissioner may reduce or eliminate administrative requirements to meet the administrative target under paragraph (a).

(c) Notwithstanding any contrary provision of this article, this rider shall not expire.

**Hospital Payment Delay.** Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 6, payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for medical assistance enrollees are delayed as follows: (1) for fiscal year 2008, June payments must be included in the first payments in fiscal year 2009; and (2) for fiscal year 2009, June payments must be included in the first payment of fiscal year 2010. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. Notwithstanding any contrary provision in this article, this paragraph expires on June 30, 2010.

**(c) MA Basic Health Care Grants - Elderly and Disabled**

(14,028,000)

(9,368,000)

**Minnesota Disability Health Options Rate Setting Methodology.** The commissioner shall develop and implement a methodology for risk adjusting payments for community alternatives for disabled individuals (CADI) and traumatic brain injury (TBI) home and community-based waiver services delivered under the Minnesota disability health options program (MnDHO) effective January 1, 2009. The commissioner shall take into account the weighting system used to determine county waiver allocations in developing the new payment methodology. Growth in the number of enrollees receiving CADI or TBI waiver payments through MnDHO is limited to an increase of 200 enrollees in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be

enrolled in MnDHO for basic care services only as defined under Minnesota Statutes, section 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

**MA Basic Elderly and Disabled Adjustments.** For the fiscal year ending June 30, 2009, the commissioner may adjust the rates for each service affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to service providers, notwithstanding the requirements of Laws 2007, chapter 147, article 7, section 71.

**(d) General Assistance Medical Care Grants** -0- (6,971,000)

**(e) Other Health Care Grants** -0- (17,000)

**MinnesotaCare Outreach Grants Special Revenue Account.** The balance in the MinnesotaCare outreach grants special revenue account on July 1, 2009, estimated to be \$900,000, must be transferred to the general fund.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund health care grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Subd. 6. Continuing Care Grants**

**(a) Aging and Adult Services Grants** -0- (337,000)

**Base Adjustment.** The general fund base is increased by \$71,000 in fiscal year 2010 and \$70,000 in fiscal year 2011.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund aging and adult services state grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Aging and Adult Services Adjustments.** For the fiscal year ending June 30, 2009,

the commissioner may allocate each grant affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to grantees. To implement this paragraph, the commissioner may waive the requirements of Laws 2007, chapter 147, article 7, section 71, including the employee compensation-related cost requirements.

**Living-At-Home/Block Nurse Program Funding.** Notwithstanding the provisions of Minnesota Statutes, section 256B.0917, subdivision 8, for the fiscal year beginning July 1, 2008, the commissioner of human services shall transfer \$240,000 from the community service grant program under Minnesota Statutes, section 256B.0917, subdivision 13, to the living-at-home/block nurse program under Minnesota Statutes, section 256B.0917, subdivision 8, to provide \$20,000 each for 12 living-at-home/block nurse programs currently operating without base funding. This is onetime funding.

<b><u>(b) Alternative Care Grants</u></b>	<u>-0-</u>	<u>(198,000)</u>
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This reduction is onetime.

<b><u>(c) MA Long-Term Care Facilities Grants</u></b>	<u>(2,306,000)</u>	<u>3,045,000</u>
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**Nursing Facility Rate Increase.** (a) For the rate year beginning October 1, 2008, the commissioner shall make available to each nursing facility reimbursed under Minnesota Statutes, section 256B.434, operating payment rate adjustments equal to 1.00 percent of the operating payment rates determined by the blending in Minnesota Statutes, section 256B.441, subdivision 55, paragraph (a).

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for wage increases for all employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except those listed in paragraph (b), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. Only costs associated with the portion of the equal hourly percentage wage increase that goes to all employees shall qualify under this paragraph. Costs associated with wage increases in excess of the amount of the equal hourly percentage wage increase provided to all employees shall be allowed only for meeting the requirements in paragraph (b). This paragraph shall not apply to employees covered by a collective bargaining agreement.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustment under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to nursing facilities effective October 1, 2008.

(f) Nursing facilities may apply for the portion of the rate adjustment under paragraph (a) that is subject to the requirements in paragraphs (b) and (c). The application must be submitted to the commissioner within six months of the effective date of the rate adjustment, and the nursing facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustment. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (b) and (c);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the nursing facility will implement to use the funds available in clause (1);

(3) a description of how the nursing facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the nursing facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be

included in approved applications, comply with the following requirements:

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases effective after October 1, 2007, and prior to the first day of the nursing facility's payroll period that includes October 1, 2008, shall be allowed if they were not used in the prior year's application;

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1, 2008, and prior to April 1, 2009; and

(4) for nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2008. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this rider as having been met in regard to the members of the bargaining unit.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustment under paragraphs (b) and (c) if the requirements of this rider have been met. The rate adjustment shall be effective October 1, 2008. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

(i) Of the general fund appropriation, \$2,877,000 in fiscal year 2009 is for the purposes of paragraphs (a) to (h).

(j) Notwithstanding any contrary provision of this article, this rider shall not expire.

**Nursing Facility Temporary Rate Adjustment.** (a) Of the general fund appropriation, \$2,877,000 for fiscal year 2009 is to make available to nursing facilities reimbursed under Minnesota Statutes, section 256B.434, for the rate year beginning October 1, 2008, a temporary rate adjustment equal to 1.0 percent of the operating payment rates determined by the blending in Minnesota Statutes, section 256B.441, subdivision 55, paragraph (a). This rate adjustment shall be removed from the facility's operating payment rate for the rate year beginning October 1, 2009.

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used to provide quarterly bonus payments, and to pay for associated employer costs and other benefits as specified in Minnesota Statutes, section 256B.434, subdivision 19, paragraph (d), clauses (2) to (4), for all employees directly employed by the nursing facility on December 31, 2008; March 31, 2009; June 30, 2009; and September 30, 2009, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for an equal hourly percentage wage bonus for all eligible employees.

(d) Nursing facilities may apply for the portion of the rate adjustment subject to paragraphs (b) and (c), and the commissioner shall review and act on applications, according to the procedures specified in

Minnesota Statutes, section 256B.434, subdivision 19. The portion of the rate adjustment under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to nursing facilities effective October 1, 2008.

(e) Notwithstanding any contrary provision in this article, this rider expires December 31, 2009.

**(d) MA Long-Term Care Waivers and Home Care Grants**

-0- (10,643,000)

**Manage Growth in TBI and CADI Waiver.**

During the fiscal years beginning on July 1, 2008, July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based programs covered under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the traumatic brain injury (TBI) waiver to 200 allocations in each year of the biennium and the community alternatives for disabled individuals (CADI) waiver to 1,500 allocations each year of the biennium. Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting. Notwithstanding any contrary section in this article, this provision expires June 30, 2011.

**(e) Mental Health Grants**

-0- (4,823,000)

**Base Adjustment.** This reduction is onetime.

**Funding Usage.** Up to 75 percent of the fiscal year 2010 appropriation for adult mental health grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

**(f) Chemical Dependency Entitlement Grants**

-0- (2,069,000)

**Payments for Substance Abuse Treatment.**

For services provided in fiscal year 2009,

county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed rates charged for services in excess of those in effect on May 31, 2008. If statutes authorize a cost-of-living adjustment during fiscal year 2009, then notwithstanding any law to the contrary, fiscal year 2009 rates may not exceed those in effect on May 31, 2008, plus any authorized cost-of-living adjustments.

**Chemical Dependency Treatment Fund Special Revenue Account.** The lesser of the balance of the consolidated chemical dependency treatment fund at the close of the fiscal year 2008, or \$2,784,000 must be transferred and deposited into the general fund by September 1, 2008. The lesser of the balance of the consolidated chemical dependency treatment fund at the close of the fiscal year 2009, or \$2,009,000 must be transferred and deposited into the general fund by September 1, 2009.

**(g) Chemical Dependency Nonentitlement Grants**

-0-                      1,967,000

**Base Level Adjustment.** The general fund base for chemical dependency nonentitlement treatment grants must be reduced by \$1,686,000 for fiscal year 2010 and by \$1,686,000 for fiscal year 2011.

**White Earth treatment facility.** \$2,000,000 is appropriated from the general fund to the commissioner of human services for a grant to the White Earth tribe to purchase or develop one or more culturally specific treatment programs or capital facilities, or both, designed to serve youth from native cultures. This appropriation is onetime and is available until spent.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund chemical dependency nonentitlement grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**(h) Other Continuing Care Grants**

-0-                      (4,729,000)

**Base Level Adjustment.** The general fund base is increased by \$7,283,000 in fiscal year 2010 and \$4,921,000 in fiscal year 2011.

**Housing Access Grants.** Of the general fund appropriation, \$250,000 is appropriated in fiscal year 2009 for housing access grants under Minnesota Statutes, section 256B.0658.

**Funding Usage.** Up to 75 percent of the fiscal year 2010 appropriation for semi-independent living services grants and family support grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

**Grants Reduction.** Effective July 1, 2008, base level funding for nonforecast, general fund other continuing care grants issued under this paragraph, except for HIV grants, shall be reduced by 1.8 percent at the allotment level. HIV grants shall be reduced by 1.7 percent at the allotment level effective July 1, 2009.

**Other Continuing Care Grant Adjustments.** For the fiscal year ending June 30, 2009, the commissioner may allocate each grant affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to grantees. To implement this paragraph, the commissioner may waive the requirements of Laws 2007, chapter 147, article 7, section 71, including the employee compensation-related cost requirements.

#### **Subd. 7. State-Operated Services**

**County Past Due Receivables.** The commissioner is authorized to withhold county federal administrative reimbursement when the county of financial responsibility for cost-of-care payments due to the state under Minnesota Statutes, section 246.54 or 253B.045, is 90 days past due. The commissioner shall deposit the withheld federal administrative earnings for the county into the general fund to settle the claims with

the county of financial responsibility. The process for withholding funds is governed by Minnesota Statutes, section 256.017.

**Internet-Based Resource.** Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 10, base level funding for the fiscal year beginning July 1, 2008, is zero for the evidence-based practice for the treatment of methamphetamine abuse at the state-operated services chemical dependency program at Willmar. The Internet-based resource developed as part of the evidence-based practice must be maintained by the commissioner.

**Community Behavioral Health Hospitals.** Under Minnesota Statutes, section 246.51, subdivision 1, a determination order for clients in the community behavioral hospital operated by the commissioner is only required when a client's third-party mental health coverage has been exhausted.

<b><u>(a) Mental Health Services</u></b>	<u>(225,000)</u>	<u>(300,000)</u>
<b><u>(b) Minnesota Sex Offender Services</u></b>	<u>-0-</u>	<u>-0-</u>

**Sex Offender Program.** Base level funding for the Minnesota sex offender program under Minnesota Statutes, chapter 246B, is reduced by \$2,329,000 for fiscal years beginning on or after July 1, 2009. This reduction does not apply to the portion of the per diem related to professional treatment service costs.

Sec. 4. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **\$ -0- \$ (3,663,000)**

<u>Appropriations by Fund</u>		
	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>-0-</u>	<u>(4,130,000)</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>467,000</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

**Subd. 2. Community and Family Health Promotion**

-0-

(843,000)

**Minnesota ENABL Program.**  
Notwithstanding Laws 2007, chapter 147, article 19, section 4, subdivision 2, base level funding for the Minnesota ENABL program under Minnesota Statutes, section 145.9255, for the fiscal year beginning July 1, 2008, is zero.

**Grants Reduction.** Effective July 1, 2008, base level funding for general fund community and family health grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Subd. 3. Policy, Quality, and Compliance**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(2,070,000)</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>32,000</u>

**Grants Reduction.** Effective July 1, 2008, base level funding for general fund policy, quality, and compliance grants issued under this paragraph, excluding medical education and research costs transition funding grants to the Mayo Clinic, shall be reduced by 1.8 percent at the allotment level.

**Interpreter Services Quality Initiative.** Of the state government special revenue fund appropriation, \$32,000 in fiscal year 2009 is for the interpreter services quality initiative under Minnesota Statutes, section 144.058.

**MERC Federal Compliance.**  
Notwithstanding Laws 2007, chapter 147, article 19, section 4, subdivision 3, the general fund appropriation in fiscal year 2009 for the commissioner to distribute to the Mayo Clinic for the purpose of providing transition funding while federal compliance changes are made to the medical education and research cost funding distribution

formula in Minnesota Statutes, section 62J.692, shall be \$4,250,000. Base level funding for this activity for fiscal years 2010 and 2011 shall be \$1,000,000 each year. This funding shall not become part of the base in 2012 and 2013. Notwithstanding any contrary provision of this article, this rider expires on June 30, 2012.

**Base Adjustment.** The state government special revenue base is decreased by \$11,000 in both fiscal years 2010 and 2011.

**Subd. 4. Health Protection**

<u>Appropriations by Fund</u>		
<u>General</u>	<u>-0-</u>	<u>(40,000)</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>435,000</u>

**Grants Reduction.** Effective July 1, 2008, base level funding for general fund health protection grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Inspection Delegation.** \$435,000 from the state government special revenue fund in fiscal year 2009 is for the St. Louis County inspection delegation. The base funding for this appropriation shall increase by \$89,000 in each of fiscal years 2010 and 2011.

**Subd. 5. Minority and Multicultural Health** -0- (77,000)

**Grants Reduction.** Effective July 1, 2008, base level funding for general fund minority and multicultural health grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

**Subd. 6. Administrative Support Services** 0 (1,100,000)

**Base Adjustment.** The general fund base is increased \$46,000 in fiscal years 2010 and 2011.

**Sec. 5. HEALTH RELATED BOARDS**

**Subdivision 1. Total Appropriation** \$ 114,000 \$ 200,000

<u>Appropriations by Fund</u>		
	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>-0-</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>114,000</u>	<u>200,000</u>

**Transfer from Special Revenue Fund.**

During the fiscal year beginning July 1, 2008, the commissioner of finance shall transfer \$3,219,000 from the state government special revenue fund to the general fund.

**Subd. 2. Board of Nursing Home Administrators**

<u>State Government Special Revenue</u>	<u>100,000</u>	<u>200,000</u>
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**Administrative Services Unit.** The amounts appropriated are for the administrative services unit to pay for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under Laws 2007, chapter 147, article 19, section 6. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of finance. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

**Subd. 3. Board of Marriage and Family Therapy**

<u>State Government Special Revenue</u>	<u>14,000</u>	<u>-0-</u>
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**Sec. 6. EMERGENCY MEDICAL SERVICES BOARD**

**Longevity Award and Incentive Program.**

For the fiscal year beginning July 1, 2008, \$6,200,000 must be transferred from the ambulance service personnel longevity award and incentive trust to the general fund.

Sec. 7. Laws 2007, chapter 147, article 19, section 3, subdivision 4, is amended to read:

**Subd. 4. Children and Economic Assistance Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

**(a) MFIP/DWP Grants**

	Appropriations by Fund	
General	62,069,000	62,405,000
Federal TANF	75,904,000	80,841,000

**(b) Support Services Grants**

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	113,429,000	115,902,000

**TANF Prior Appropriation Cancellation.**

Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 11, paragraph (b), any unexpended TANF funds appropriated to the commissioner to contract with the Board of Trustees of Minnesota State Colleges and Universities, to provide tuition waivers to employees of health care and human service providers that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15, must cancel at the end of fiscal year 2007.

**MFIP Pilot Program.** Of the TANF appropriation, \$100,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are for a grant to the Stearns-Benton Employment and Training Council for the Workforce U pilot program. Base level funding for this program shall be \$750,000 in 2010 and \$0 in 2011.

**Supported Work.** (1) Of the TANF appropriation, \$5,468,000 in fiscal year 2008 ~~and \$7,291,000 in fiscal year 2009~~ are is for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (2) and (3), and is available until expended. Paid transitional work experience and other supported employment under this rider provides a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. \* **(The preceding text "and \$7,291,000 in fiscal year 2009" was indicated as vetoed by the governor.)**

(2) A county or tribe is eligible to receive an allocation under this rider if:

(i) the county or tribe is not meeting the federal work participation rate;

(ii) the county or tribe has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(iii) the county or tribe has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county or tribe has determined that the participant would benefit from working in a supported work environment.

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. This grant to counties and tribes is specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer

cannot or will not offer more hours to the participant.

**Work Study.** Of the TANF appropriation, \$750,000 each year are to the commissioner to contract with the Minnesota Office of Higher Education for the biennium beginning July 1, 2007, for work study grants under Minnesota Statutes, section 136A.233, specifically for low-income individuals who receive assistance under Minnesota Statutes, chapter 256J, and for grants to opportunities industrialization centers. \* (The preceding text beginning "Work Study. Of the TANF appropriation," was indicated as vetoed by the governor.)

**Integrated Service Projects.** \$2,500,000 in fiscal year 2008 and \$2,500,000 in fiscal year 2009 are appropriated from the TANF fund to the commissioner to continue to fund the existing integrated services projects for MFIP families, and if funding allows, additional similar projects.

**Base Adjustment.** The TANF base for fiscal year 2010 is \$115,902,000 and for fiscal year 2011 is \$115,152,000.

**(c) MFIP Child Care Assistance Grants**

General	74,654,000	71,951,000
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**(d) Basic Sliding Fee Child Care Assistance Grants**

General	42,995,000	45,008,000
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**Base Adjustment.** The general fund base is \$44,881,000 for fiscal year 2010 and \$44,852,000 for fiscal year 2011.

**At-Home Infant Care Program.** No funding shall be allocated to or spent on the at-home infant care program under Minnesota Statutes, section 119B.035.

**(e) Child Care Development Grants**

General	4,390,000	6,390,000
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**Prekindergarten Exploratory Projects.** Of the general fund appropriation, \$2,000,000 the first year and \$4,000,000 the second year are for grants to the city of St. Paul, Hennepin County, and Blue Earth County to establish scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. This appropriation is available until June 30, 2009.

**Child Care Services Grants.** Of this appropriation, \$500,000 each year are for the purpose of providing child care services grants under Minnesota Statutes, section 119B.21, subdivision 5. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

**Early Childhood Professional Development System.** Of this appropriation, \$500,000 each year are for purposes of the early childhood professional development system, which increases the quality and continuum of professional development opportunities for child care practitioners. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

**Base Adjustment.** The general fund base is \$1,515,000 for each of fiscal years 2010 and 2011.

**(f) Child Support Enforcement Grants**

General	11,038,000	3,705,000
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**Child Support Enforcement.** \$7,333,000 for fiscal year 2008 is to make grants to counties for child support enforcement programs to make up for the loss under the 2005 federal Deficit Reduction Act of federal matching funds for federal incentive funds passed on to the counties by the state.

This appropriation is available until June 30, 2009.

**(g) Children's Services Grants**

## Appropriations by Fund

General	63,647,000	71,147,000
Health Care Access	250,000	-0-
TANF	240,000	340,000

**Grants for Programs Serving Young Parents.**

Of the TANF fund appropriation, \$140,000 each year is for a grant to a program or programs that provide comprehensive services through a private, nonprofit agency to young parents in Hennepin County who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants.

**County Allocations for Rate Increases.**

County Children and Community Services Act allocations shall be increased by \$197,000 effective October 1, 2007, and \$696,000 effective October 1, 2008, to help counties pay for the rate adjustments to day training and habilitation providers for participants paid by county social service funds. Notwithstanding the provisions of Minnesota Statutes, section 256M.40, the allocation to a county shall be based on the county's proportion of social services spending for day training and habilitation services as determined in the most recent social services expenditure and grant reconciliation report.

**Privatized Adoption Grants.**

Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

**Adoption Assistance Incentive Grants.**

Federal funds available during fiscal year 2008 and fiscal year 2009 for the adoption incentive grants are appropriated to the commissioner for these purposes.

**Adoption Assistance and Relative Custody Assistance.**

The commissioner may transfer unencumbered appropriation balances for

adoption assistance and relative custody assistance between fiscal years and between programs.

**Children's Mental Health Grants.** Of the general fund appropriation, \$5,913,000 in fiscal year 2008 and \$6,825,000 in fiscal year 2009 are for children's mental health grants. The purpose of these grants is to increase and maintain the state's children's mental health service capacity, especially for school-based mental health services. The commissioner shall require grantees to utilize all available third party reimbursement sources as a condition of using state grant funds. At least 15 percent of these funds shall be used to encourage efficiencies through early intervention services. At least another 15 percent shall be used to provide respite care services for children with severe emotional disturbance at risk of out-of-home placement.

**Mental Health Crisis Services.** Of the general fund appropriation, \$2,528,000 in fiscal year 2008 and \$2,850,000 in fiscal year 2009 are for statewide funding of children's mental health crisis services. Providers must utilize all available funding streams.

**Children's Mental Health Evidence-Based and Best Practices.** Of the general fund appropriation, \$375,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are for children's mental health evidence-based and best practices including, but not limited to: Adolescent Integrated Dual Diagnosis Treatment services; school-based mental health services; co-location of mental health and physical health care, and; the use of technological resources to better inform diagnosis and development of treatment plan development by mental health professionals. The commissioner shall require grantees to utilize all available third-party reimbursement sources as a condition of using state grant funds.

**Culturally Specific Mental Health Treatment Grants.** Of the general fund appropriation, \$75,000 in fiscal year 2008 and \$300,000 in fiscal year 2009 are for children's mental health grants to support

increased availability of mental health services for persons from cultural and ethnic minorities within the state. The commissioner shall use at least 20 percent of these funds to help members of cultural and ethnic minority communities to become qualified mental health professionals and practitioners. The commissioner shall assist grantees to meet third-party credentialing requirements and require them to utilize all available third-party reimbursement sources as a condition of using state grant funds.

**Mental Health Services for Children with Special Treatment Needs.** Of the general fund appropriation, \$50,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for children with special treatment needs. These shall include, but not be limited to: victims of trauma, including children subjected to abuse or neglect, veterans and their families, and refugee populations; persons with complex treatment needs, such as eating disorders; and those with low incidence disorders.

**MFIP and Children's Mental Health Pilot Project.** Of the TANF appropriation, \$100,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are to fund the MFIP and children's mental health pilot project. Of these amounts, up to \$100,000 may be expended on evaluation of this pilot.

**Prenatal Alcohol or Drug Use.** Of the general fund appropriation, \$75,000 each year is to award grants beginning July 1, 2007, to programs that provide services under Minnesota Statutes, section 254A.171, in Pine, Kanabec, and Carlton Counties. This appropriation shall become part of the base appropriation.

**Base Adjustment.** The general fund base is \$62,572,000 in fiscal year 2010 and \$62,575,000 in fiscal year 2011.

#### (h) Children and Community Services Grants

General	101,369,000	69,208,000
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**Base Adjustment.** The general fund base is \$69,274,000 in each of fiscal years 2010 and 2011.

**Targeted Case Management Temporary Funding.** (a) Of the general fund appropriation, \$32,667,000 in fiscal year 2008 is transferred to the targeted case management contingency reserve account in the general fund to be allocated to counties and tribes affected by reductions in targeted case management federal Medicaid revenue as a result of the provisions in the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Contingent upon (1) publication by the federal Centers for Medicare and Medicaid Services of final regulations implementing the targeted case management provisions of the federal Deficit Reduction Act of 2005, Public Law 109-171, or (2) the issuance of a finding by the Centers for Medicare and Medicaid Services of federal Medicaid overpayments for targeted case management expenditures, up to \$32,667,000 is appropriated to the commissioner of human services. Prior to distribution of funds, the commissioner shall estimate and certify the amount by which the federal regulations or federal disallowance will reduce targeted case management Medicaid revenue over the 2008-2009 biennium.

(c) Within 60 days of a contingency described in paragraph (b), the commissioner shall distribute the grants proportionate to each affected county or tribe's targeted case management federal earnings for calendar year 2005, not to exceed the lower of (1) the amount of the estimated reduction in federal revenue or (2) \$32,667,000.

(d) These funds are available in either year of the biennium. Counties and tribes shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act grant under Minnesota Statutes, chapter 256M.

(e) This appropriation shall be available to pay counties and tribes for expenses incurred on or after July 1, 2007. The appropriation shall be available until expended.

**(i) General Assistance Grants**

General	37,876,000	38,253,000
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**General Assistance Standard.** The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

**Emergency General Assistance.** The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812 in fiscal year 2008 and \$7,889,812 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

**(j) Minnesota Supplemental Aid Grants**

General	30,505,000	30,812,000
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**Emergency Minnesota Supplemental Aid Funds.** The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,100,000 in fiscal year 2008 and \$1,100,000 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

**(k) Group Residential Housing Grants**

General	91,069,000	98,671,000
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**People Incorporated.** Of the general fund appropriation, \$460,000 each year is to augment community support and mental

health services provided to individuals residing in facilities under Minnesota Statutes, section 256I.05, subdivision 1m.

**(l) Other Children and Economic Assistance Grants**

General	20,183,000	16,333,000
Federal TANF	1,500,000	1,500,000

**Base Adjustment.** The general fund base shall be \$16,033,000 in fiscal year 2010 and \$15,533,000 in fiscal year 2011. The TANF base shall be \$1,500,000 in fiscal year 2010 and \$1,181,000 in fiscal year 2011.

**Homeless and Runaway Youth.** Of the general fund appropriation, \$500,000 each year are for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. This is a onetime appropriation.

**Long-Term Homelessness.** Of the general fund appropriation, ~~\$1,500,000 each year~~ are \$2,000,000 in fiscal year 2008 is for implementation of programs to address long-term homelessness and is available in either year of the biennium. This is a onetime appropriation.

**Minnesota Community Action Grants.** (a) Of the general fund appropriation, \$250,000 each year is for the purposes of Minnesota community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. This is a onetime appropriation.

(b) Of the TANF appropriation, \$1,500,000 each year is for community action agencies for auto repairs, auto loans, and auto purchase grants to individuals who are eligible to receive benefits under Minnesota Statutes, chapter 256J, or who have lost eligibility for benefits under Minnesota Statutes, chapter 256J, due to earnings in the prior 12 months. Base level funding for this activity shall be \$1,500,000 in fiscal year 2010 and \$1,181,000 in fiscal year 2011. \*

**(The preceding text beginning "(b) Of the TANF appropriation," was indicated as vetoed by the governor.)**

(c) Money appropriated under paragraphs (a) and (b) that is not spent in the first year does not cancel but is available for the second year.

**Sec. 8. SUNSET OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2009, unless a different expiration date is specified.

**ARTICLE 19**

**HEALTH AND HUMAN SERVICES FORECAST ADJUSTMENTS**

**Section 1. SUMMARY OF APPROPRIATIONS; DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2007, chapter 147, from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2008" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2008. The figure "2009" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2009. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	<b><u>2008</u></b>	<b><u>2009</u></b>
<u>General</u>	\$ 6,739,000	\$ 52,350,000
<u>Health Care Access</u>	(84,156,000)	(96,019,000)
<u>Federal TANF</u>	(28,427,000)	(7,441,000)
<b><u>Total</u></b>	<b>\$ (105,844,000)</b>	<b>\$ (51,110,000)</b>

**Sec. 2. COMMISSIONER OF HUMAN SERVICES**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$ (105,844,000)</b>	<b>\$ (51,110,000)</b>
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	<u>Appropriations by Fund</u>	
	<u>2008</u>	<u>2009</u>
<u>General</u>	6,739,000	52,350,000
<u>Health Care Access</u>	(84,156,000)	(96,019,000)
<u>Federal TANF</u>	(28,427,000)	(7,441,000)

**Subd. 2. Revenue and Pass-Through**

<u>Federal TANF</u>	<u>1,187,000</u>	<u>1,507,000</u>
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**Subd. 3. Children and Economic Assistance Grants**

<u>General</u>	<u>(4,960,000)</u>	<u>5,925,000</u>
<u>Federal TANF</u>	<u>(29,614,000)</u>	<u>(8,948,000)</u>

The amounts that may be spent from this appropriation for each purpose are as follows:

**(a) MFIP/DWP Grants**

<u>General</u>	<u>25,139,000</u>	<u>11,665,000</u>
<u>Federal TANF</u>	<u>(29,614,000)</u>	<u>(8,948,000)</u>

<b>(b) <u>MFIP Child Care Assistance Grants</u></b>	<u>(26,141,000)</u>	<u>(10,710,000)</u>
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<b>(c) <u>General Assistance Grants</u></b>	<u>2,529,000</u>	<u>6,033,000</u>
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<b>(d) <u>Minnesota Supplemental Aid Grants</u></b>	<u>299,000</u>	<u>500,000</u>
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<b>(e) <u>Group Residential Housing Grants</u></b>	<u>(6,786,000)</u>	<u>(1,563,000)</u>
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**Subd. 4. Basic Health Care Grants**

<u>General</u>	<u>30,075,000</u>	<u>48,389,000</u>
<u>Health Care Access</u>	<u>(84,156,000)</u>	<u>(96,019,000)</u>

The amounts that may be spent from this appropriation for each purpose are as follows:

**(a) MinnesotaCare**

<u>Health Care Access</u>	<u>(84,156,000)</u>	<u>(96,019,000)</u>
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<b>(b) <u>MA Basic Health Care - Families and Children</u></b>	<u>13,525,000</u>	<u>7,005,000</u>
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<b>(c) <u>MA Basic Health Care - Elderly and Disabled</u></b>	<u>(2,292,000)</u>	<u>5,479,000</u>
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<b><u>(d) General Assistance Medical Care</u></b>	<u>18,842,000</u>	<u>35,905,000</u>
<b><u>Subd. 5. Continuing Care Grants</u></b>	<b><u>(18,376,000)</u></b>	<b><u>(1,964,000)</u></b>
<u>The amounts that may be spent from this appropriation for each purpose are as follows:</u>		
<b><u>(a) MA Long-Term Care Facilities</u></b>	<u>(10,986,000)</u>	<u>(2,148,000)</u>
<b><u>(b) MA Long-Term Care Waivers</u></b>	<u>(18,484,000)</u>	<u>(13,598,000)</u>
<b><u>(c) Chemical Dependency Entitlement Grants</u></b>	<u>11,094,000</u>	<u>13,782,000</u>

Presented to the governor May 19, 2008

Signed by the governor May 29, 2008, 8:26 a.m.